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“COVID-19 has been an economic firestorm for Brampton’s businesses and economy, as it has all over the world. I’m pleased that the City focused on recovery while providing in-the-moment support to local businesses, and I look forward to implementing the actions in this Strategy and bringing our City out of this pandemic with resilience and competitive advantage.” - Patrick Brown, Mayor, City of Brampton

In May 2021 Council approved the City’s Economic Recovery Strategy which included ‘Investment’ as one of the four cornerstones of the plan in response to the COVID-19 pandemic. The strategy notes the importance of seizing opportunities by supporting our local companies as they adapt to new realities, building on strategic advantages like logistics, and looking internationally for companies that would benefit from investing in Brampton.

Background

In January 2019 Council directed staff to investigate the potential for a Community Improvement Plan (CIP) to attract additional employment in key sector such as, Innovation & Technology, Entrepreneurship, Advance Manufacturing, Health & Life Sciences.

In May 2019 Council directed staff to prepare an Invitational Request for Proposal to hire a consultant to undertake a study to explore an opportunity for a city-wide CIP. NBLC was brought on-board in late 2019 and reviewed Brampton’s employment landscape and recommended Brampton bring forward a CIP to incentivize office development throughout the City to supplement the Central-Area Community Improvement Plan.

In March 2021 staff brought forward a report to endorse NBLC’s study and the recommendation to move forward with a Tax-increment Equivalent Grant (TIEG) Program to attract office development city-wide. There was direction for staff to prepare a Community Improvement Plan and supporting implementation guidelines.

The CIP and supporting guidelines were adopted by Council in June 2022.

Purpose of a Community Improvement Plan

There are many challenges of attracting new office development to the City. A Community Improvement Plan (CIP) is a planning tool that is enabled under Section 28 of the Planning Act that allows municipalities to develop a comprehensive plan to support strategic community investment priorities. A CIP provides a framework for public investment opportunities in the public realm and the provision of incentive

programs to assist the private sector to stimulate redevelopment and to facilitate property improvements.

A CIP offers a range of powers that can enhance a municipality's ability to encourage private investment that is consistent with the broader community objectives. Municipalities can stimulate investment and revitalization through their own activities and in partnership with the private sector. CIP's typically offer financial tools intended to mitigate development risks and improve the financial viability of projects that are desirable from a community building perspective. There are also non-financial tools that can be implemented such as, infrastructure improvements, public space and municipal property acquisition.

A CIP project area can be city-wide or targeted to a specific planning area within a municipality such as a downtown or employment district.

PLANNING FRAMEWORK

A Community Improvement Plan (CIP) is a tool established under Section 28 of the *Planning Act*. The Plan must consider and conform to other policy plans and studies and it must be prepared in accordance with the requirements of the *Planning Act*. This section briefly discusses the City's basis for preparing a CIP.

Legislative Authority

This Plan is prepared in accordance with the *Planning Act*, which provides the legislative authority for the Municipality of Brampton to prepare a CIP. Section 28 of the *Ontario Planning Act*, 1990, as amended, gives the Municipality the legislative authority to define a community improvement project area and prepare a community improvement plan for that area. The Plan must be prepared in accordance with the community improvement policies of the Municipality's Official Plan and the specific powers granted under the *Planning Act*. In accordance with subsections 106(1), (2) and (3) of the *Municipal Act*, the Municipality may not provide financial assistance or bonusing to a commercial or other industrial enterprise, unless the assistance is provided through a CIP prepared in accordance with the *Planning Act*.

Community Improvement Plan

Section 28(1) of the *Planning Act* defines community improvement as:

"...the planning or re-planning, design or redesign, subdivision, clearance, development or redevelopment, construction, reconstruction and rehabilitation, improvement of energy efficiency, or any of them, of a community improvement project area, and the provision of such residential, commercial, industrial, public, recreational, institutional,

religious, charitable or other uses, buildings, structures, works, improvements or facilities, or spaces therefore, as may be appropriate or necessary” and includes the provision of affordable housing under Section 28(1.1).

Community Improvement Project Area

A community improvement project area can be city-wide or targeted to a specific planning area within a municipality such as a downtown or employment district. It allows a municipality to offer financial and other assistance to the private sector to achieve a specific objective such as, employment growth, neighbourhood intensification and affordable housing. CIP's typically offer financial tools and incentives that are intended to mitigate development risks and improve financial viability of projects that are desirable from a community building perspective.

There are many factors that influence the location of commercial/office investment which may not all be addressed through financial incentives. A strong public realm, access to walkable urban amenities – especially transit, as well as a deep pool of tenants and talented labour will influence the desirability of a location for new employment investment.

Tools and Activities Under the *Planning Act*

The Planning Act allows municipalities when carrying out a [CIP] within a Community Improvement Project Area to:

- Acquire and hold land - Section 28(3);
- Construct, repair, rehabilitate or improve buildings on the land acquired or held by the Municipality, or it may sell or dispose of land in conformity with the community improvement plan - Section 28(6);
- Make grants or loans to registered owners, assessed owners and tenants of lands and buildings within the community improvement project area for the purpose of rehabilitating such lands and buildings in conformity with the CIP - Section 28(7.1);
- The Council of an upper-tier municipality may make grants or loans to the council of a lower-tier municipality and the council of a lower-tier municipality may make grants or loans to the council of the upper-tier municipality, for the purpose of carrying out a community improvement plan that has come into effect – Section 28(7.2).
- Make grants or loans related to an environmental site assessment, environmental remediation, development, redevelopment, construction and reconstruction of lands and buildings for rehabilitation purposes or for the provision of energy efficient uses, buildings, structure, works, improvements or facilities - Section 28(8).

Transfer of Grants Between Upper and Lower-Tier Municipalities

Section 28 (7.2) speaks to the allowance of upper-tier municipalities to participate in the funding for local CIP Programs. Section 28 (7.2) states: “The council of an upper-tier municipality may make grants or loans to the council of a lower-tier municipality and the council of a lower-tier municipality may make grants or loans to the council of the upper-tier municipality, for the purposes of carrying out a CIP that has come into effect, on such terms as to security and otherwise as the council considers appropriate, but only if the official plan of the municipality making the grant or loan contains provisions relating to the making of such grants or loans.”

Municipal Act & Development Charges Act

The *Ontario Municipal Act*, S.O. 2001, C. 25 governs many procedures, tools, and powers of municipalities. The following sections of the Municipal Act are relevant to the implementation of [CIPs]: Section 106(1) of the Municipal Act establishes that municipalities can neither directly or indirectly assist manufacturing businesses or other industrial or commercial enterprise through engaging in “bonusing”; however, municipalities applying a CIP program are exempt from this prohibition under Section 28 of the Planning Act. Page 13 Section 107 of the Municipal Act outlines the powers a municipality has to make grants, including the power to provide a grant in the form of a loan or by guaranteeing a loan, subject to criteria outlined in Section 106. Section 365.1.2 of the Municipal Act provides the authority to allow municipalities to pass a by-law providing property tax assistance to an eligible property in the form of cancellation of all or part of the property taxes levied on the property for municipal and education purposes during the “rehabilitation period” and the “development period” of the property.

Development Charges Act Section 5 of the Development Charges Act allows a Municipality to provide a full or partial development charge exemption for certain types of development, subject to the Development Charges bylaw.

Provincial Policy Statement 2020

The Provincial Policy Statement (PPS) seeks to protect economic uses, including industrial, manufacturing and employment. In addition, the province encourages planning authorities to facilitate conditions for economic investment.

Under section 1.3.1 Employment planning authorities are to promote economic development and competitiveness by: providing for an appropriate mix and range of employment, institutional, and broader mixed uses to meet long-term needs; providing opportunities for a diversified economic base, including maintaining a range and choice

of suitable sites for employment uses; and, facilitating conditions for economic investment by identifying strategic sites for investment, monitoring the availability and suitability of employment sites, including market-ready sites, and seeking to address potential barriers to investment.

Region of Peel Regional Major Office Program

On April 22, 2021, Regional Council approved resolution 2021-453 and adopted the Regional Major Office Incentives (MOI) Program allowing the Region to track and facilitate grants to support local municipal Community Improvement Plans. As part of this resolution a one-time transfer from the Tax Rate Stabilization Reserve to the Regional Major Office Incentive Reserve in the amount of \$100,000 to provide seed funding for the Region's Major Office Incentives Program. The funding will be administered through execution agreements and granting payments to local municipalities. The intent is to have the Region's grant will be a Tax Increment Equivalent Grant (TIEG) that will match the local municipal TIEG structure.

Regional staff will continue to work with local municipal staff to develop detailed administrative processes, agreements and budgeting requirements to implement the MOI program.

Brampton 2040 Vision

The Brampton 2040 examines the vision for the City to re-invent itself in the next twenty-years. The vision brought forward ten transformations to consider as the City moves forward:

- A heart to draw everyone and shift the balance of local jobs – new Uptown and reset the Downtown;
- Jobs within communities with the five new Town Centres;
- Thriving arts scene considering art streets as a unique maker-place and art hubs;
- Complete living and revitalizing existing areas;
- Everything connected through transit, walking, cycling, virtual networks and new travel technologies;
- Nature being the focus of the community;
- Social and health harmony; and,
- Organizations to act.

The ten transformations resulted in seven targeted vision statements addressing each one of the transformations. Vision 2 noted that in 2040, Brampton will be a mosaic of vibrant centres with quality jobs, a rich range of activities, and integrated living. Each vision resulted in a number of catalytic actions. The first effort is to target having sixty-percent of residents work within the community. This CIP helps the City support these efforts of creating high-quality jobs.

City of Brampton Official Plan (2020 Consolidation)

Section 5.13 of the City's Official Plan outlines Council's ability to establish Community Improvement Plans, planning policies, development standards or financial assistance programs to stimulate or support development within the City. In designating an area(s) under a CIP program the following shall be taken into consideration:

- Whether, in the opinion of Council, the community improvement of the proposed project area is desirable because of age, dilapidation, overcrowding, faulty arrangement, unsuitability of buildings or any other environmental, social or community economic development reason;
- The importance of the proposed area to the overall social and economic health and integrity of the City;
- The degree of intervention or assistance required to stimulate rehabilitation and redevelopment to establish and maintain the health of the proposed area; and,
- The likelihood that such intervention or assistance will achieve the desired result.

The Community Improvement Plan can examine utilizing one or more of the following tools to attract employment to designated areas:

- Providing guidelines for the expenditure of public funds in the form of grants or loans for community improvement activities including clearance, development or redevelopment;
- Supporting efforts and provide guidance for the rehabilitation and redevelopment of existing buildings and structures;
- Upgrading the existing level of municipal services for the purpose of stimulating private investment;
- Acquiring, holding, clearing, grading or preparing land for community improvement;
- Constructing, repairing, rehabilitating or improving buildings on municipal land in the community improvement project area in conformity with the community improvement plan and sell, lease or dispose of such buildings;
- Selling, leasing or disposing of municipal land in the community improvement project area for use in conformity with the community improvement plan; and,
- Providing grants, loans or tax assistance to owners, tenants and their assignees of lands and buildings within the community improvement project area to pay for the cost of rehabilitating lands and buildings in accordance with Section 28(7) of the Planning Act and Section 365.1 of the *Municipal Act, 2001*.

Economic Recovery Strategy

In May of 2020, Council endorsed the City's Economic Strategy as a framework to move the City forward. The Strategy is organized into four cornerstones: Innovation, Technology and Entrepreneurship; Investment; Arts Culture & Tourism; and, Infrastructure.

The 'new normal' that is being created throughout the economy will provide opportunities as companies renew and restructure their operations and supply chains. The City will seize these opportunities by supporting local companies as they adapt to new realities, building on our strategic advantage such as, logistics, and looking internationally for companies that would benefit from investing in Brampton.

The City of Brampton's Economic Development department has identified the following priority sectors: Advanced Manufacturing, Food and Beverage, Health and Life Sciences, Innovation and Technology. To help link these priority growth sectors with land use and job density, a general description of each high priority sector, location preferences, building and parking standards, and performance indicators are provided on the following pages.

Brampton has and continues to attract employment investment; however, the City hopes to attract a greater share of higher density employment that can offer residents greater employment choice and improve current commuting patterns. While the industrial sector continues to be attractive for investment, most industrial and related sectors are employing fewer and fewer people every year. On the other hand, the office market faces demand and supply-side challenges, limiting the amount of higher density employment investment in the City in recent years.

The COVID-19 crisis will slow investment throughout the region but may offer opportunities as businesses rethink how they operate. This, along with the City's transit initiatives, could present opportunities for the City to attract satellite offices.

Helping new entrepreneurs become established and providing small companies with the ability to scale up is essential to economic recovery. Small companies such as those graduating from the Innovation District partnerships need places to grow and establish themselves. Office developers will need an anchor and/or the impetus to move forward with development in order to provide for the future homes of these growing businesses.

Current Economic and Employment Conditions

While the current employment context is dominated by the COVID-19 pandemic the depth of the impact on the regional and provincial economies in the long-term has not been fully realized.

While employment conditions in 2020-21 inherently were challenged as a result of mass unemployment due to COVID-19, it is expected that FIRE (finance, insurance, real

estate), innovation and technology, warehousing and distribution sectors, as well as support services, are more likely to recover in a shorter period of time relative to other industries. This is particularly expected relative to a prolonged recovery period for businesses engaged in hospitality, travel, and retail-trades. A more prolonged recovery period is expected for businesses engaged in hospitality, travel, and bricks and mortar retail and commercial services. However, one significant external factor impacting the overall trajectory of economic growth will be the Ontario's trade ties to the United States, and uncertainty with respect to their handling of the crisis and the associated economic recovery. This factor alone could impact the timing of a return to a new economic 'normal' across all sectors.

The Provincial and Federal governments have implemented measures to support businesses that provide emergency relief, low/no interest financing, rent assistance, wage subsidy, and other programs.

Brampton's Industrial Market

Brampton's existing industrial space inventory is notably one of the largest in the GTA – third in size only to that of Mississauga and North York. Currently, the city's inventory of industrial space accounts for approximately 11% of all industrial space in the GTA and 26% of space in the Toronto West submarket. The Toronto West submarket is inclusive of all of Peel and Halton Regions. Between 2015 and 2019, Brampton experienced high construction activity, averaging just under 1.1 million square feet (sf) of new GFA each year.

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In total, 29 new projects built between 2010 and 2020, totalling 8.6 million sf of new space, or about 860,000 sf of new space per year. Of the new space, about 5.5% of inventory was available as of January 2020. While the above noted availability rate for the newer inventory is higher than the City's average, this is considered healthy. With projects being larger in size, however, there are only three available spaces of between 25,000 and 160,000 sf. So, while the overall availability rate is 'healthy', there is still limited choice. This may be problematic if a new business were to 'shop around' for existing space and were considering Brampton over another municipality with higher availability. This level of investment and low availability indicates there is appetite for more contemporary industrial spaces and market conditions which naturally attract investment.

Overall, industrial market conditions in Brampton support continued investment in new construction, in the form of larger sized industrial properties (e.g. fulfillment, distribution, warehousing etc.) in Bram West and other highway adjacent locations. These projects are often occupied by only a few, larger tenants at relatively low employment densities.

Overall, there appears to be no need to incent this form of development. However, other sectors that fall under the general umbrella of industrial, such as film, creative industries, advanced manufacturing, aerospace, and innovation and technology are not necessarily occurring at the same rate or scale of investment, and could be the target of the CIP program depending on available funds. Like office development, these sectors can provide good employment totals and strong compensation for employees but occur in more industrial settings.

There are also several possible barriers to entry in the local industrial market, which may limit this type of employment growth and supporting Brampton 'Ecosystem of Innovation', such as: investment and private development driven by pre-leasing or design-build opportunities for a single tenant, generally limited to larger tenants / end-users with deeper pockets; a landlord market wherein there is a general trend towards longer-lease terms and significant price appreciation; delivery of larger / fewer flexible properties; redevelopment thwarted by environmental issues (i.e. contamination); a limited number of landowners / developers, not necessarily specializing in delivery of the widest range of industrial spaces.

While market conditions suggest it is unnecessary to incent new industrial development, on a city-wide basis, it may be appropriate to consider incenting capital improvements to existing buildings for the City's target priority sectors and/or adaptive re-use or conversion to more labour-intensive development in appropriate locations. Retention and expansion of existing businesses are key drivers behind job growth.

The City may consider incenting: capital improvements to existing properties to allow for adaptive re-use or conversion, or physical improvements (e.g. upgraded signage along Hwy 410 or 407) – which typically is provided on a match-funding basis to a cap; and investing in established employment areas, specifically infill development and redevelopment that helps transition these areas to a more urban structure (e.g. office development, where appropriate).

Until the City begins to exhaust the supply of vacant and well-located employment land, this strategy might not be appropriate yet. Over the longer-term, the above types of assistance to reinvest in existing industrial properties could assist in the redevelopment of smaller flex-commercial spaces that are suitable to a range of small start-up to medium-sized companies, while making use of underutilized space.

Brampton's Office Market

As of Q4 2019, Brampton has an approximate inventory of 4.62 million square feet (ft) of existing office space. Apart from public sector investment in Downtown Brampton (e.g. City of Brampton Administrative Buildings) and the South Fletcher's Courthouse node (e.g. new and expanded Provincial Courthouses), the City's office inventory is highly dispersed. In other words, there are no clear high-density office nodes, and no benefiting agglomeration economics with the exception of Mississauga Road and Steeles Avenue where office developments with larger footprint requirements have been attracted to because of availability of sites.

In total, 1.76 million sf or 38% of the total inventory in Brampton was built over the last twenty years. This growth equates to delivery of about 88,000 sf of new office supply per year, on average. This level of demand has been consistent, with new construction activity averaging around 87,000 sf per year since the 2008 recession. However, new supply over the last five years has dropped off considerably to only 64,000 sf in total, across the two buildings illustrated below, or about 13,000 sf per year, with mixed-use project at 50 Sky Harbour Drive largely accommodating population-related commercial uses.

This development activity generally equates to about 1 to 2 projects per year of about 55,000 sf to 60,000 sf each and 3-storeys in terms of project scale. Such projects can generally be characterized as standalone, low-density office space like elsewhere in the '905'. However, the recent drop off in development activity is a concern.

Notwithstanding this concern, except for York Region, new development activity has dropped off over the last five-years across the '905' suburban office market. This drop-off has been somewhat less pronounced in York Region because of positive activity at a select few office projects in the VMC and Weston/Hwy 7 Area following the introduction / integration of subway and BRT service. This drop-off in demand for new suburban office space across suburban office markets is likely tied to stronger demand for office in downtown and fringe-downtown Toronto locations and unprecedented delivery of new space in these prime areas.

With limited multi-tenant rental properties (majority of office development has been owner-occupied), the current availability and vacancy rate across the City is very low at about 1.9% and 1.0% respectively. These findings are positive, as a high vacancy rate in the existing supply would be a significant market challenge for new investment. The availability rate within newer properties is somewhat lower than the city rate, at around 1.2%. This indicates some modest demand for contemporary office space.

Most new office projects in the Brampton market have also been in the form of standalone, lower density owner-occupied buildings (e.g. Canon Canada and Air Canada Global Operations, Medtronic and Loblaws along the Bram West Business Corridor / at Mississauga Road and Steeles) in what would have been considered a greenfield development area. As noted previously, these types of projects are not assessing rental rates to justify an investment return. While the decision to locate is

based on a combination of some positive locational attributes, it is largely the ability to accommodate cost effective parking solutions and keep operating costs relatively low.

One of few office nodes to experience the addition of a multi-tenant office building in Brampton is the South Fletcher's Courthouse node. The area contains a significant number of institutional buildings, such as the Provincial Offences Office, the A. Grenville & William Davis Courthouse, and Peel Regional Police Headquarters. These uses have driven demand for supportive commercial services within several nearby older office buildings.

A 7-storey 78,000 sf multi-tenant office building, anchored by TD Financial and constructed by Kallo Developments, was added to the centre of this node in 2013. Despite finishing construction seven years ago, the project had 13,700 sf of space remaining to be leased as of Q4 2019, indicating an overall absorption rate of about 7,600 sf annually. The building was fully occupied as of 2020. This would not be considered a healthy absorption and illustrates the general lack of this demand for office space in the Brampton market. The current asking rent at this project had been around \$21.00 per square foot net at the last time of survey.

This level of absorption and rents points to a challenge attracting investment over the shorter-term in what is increasingly an urban infill location. In this instance, it is important to appreciate that the viability of this project may have been aided by low land costs as well as the developer occupying 5,600 sf of space within the building to accommodate their head office. Furthermore, the project relied on the assembly of multiple lots to provide some surface parking. Along with the promise of LRT service, the agglomeration of private and public-sector establishments is likely to help slowly drive up demand and rents to a level that should attract greater investment levels.

Objectives of the CIP

Why is the CIP needed?

A Community Improvement Plan (CIP) is necessary to assist the City in attracting major employment uses where the City has not been able to attract as much as forecasted or planned for development because of cost and other competitive markets such as, the City of Toronto absorbing much of the office market.

Project Area & Summary

The Community Improvement Plan will apply to all office developments and supporting ancillary uses City-wide, including the area designated as part of the Central Area Community Improvement Plan. The plan will be reviewed periodically (every 3 to 5 years) to assess the economic market conditions and whether the plan should be

applied to targeted areas of the City which may benefit from the incentives and generate better quality employment opportunities.

Tools of the CIP Program

The following highlights the tools that are being implemented as part of the City-wide CIP to incentivize office development and bring highly skilled jobs to the City in a highly competitive market.

Tax Increment Equivalent Grant (TIEG)

One of the most common financial incentives is the Tax Increment Equivalent Grants (TIEGs). TIEGs allow the increase in municipal property tax to be refunded in full or partially over a period of time. A TIEG will generally function in one of two ways:

- **Owner Occupied Buildings:** A TIEG will directly reduce the property tax paid, thereby reducing the project's operating costs over the length of the program. This can make Brampton an even more appealing location for these projects.
- **Multi-Tenant Buildings:** A TIEG will reduce the property tax paid, which will reduce the gross rent paid by a tenant through a typical "triple-net lease" arrangement. In this arrangement, a tenant pays a net rent to the landlord in addition to the gross rent that covers items such as insurance, utilities, and property taxes.

A TIEG therefore will lower the effective gross rent paid by a tenant, which can significantly improve the marketability of the project. This "pass through" benefit to a future tenant assists the developer with marketing space and can positively impact their decision to move forward with a project. The main advantage of TIEG is that it does not require annual allocation of funds for the financial incentive itself, as a developer will pay the full property tax amount owed each year, and the City will refund the amount net of the pre-development tax amount. The City therefore continues to collect the pre-development tax amount for the property, and the full amount of the post-development tax once the TIEG has expired. The TIEG is also an effective choice as it largely incentivizes tenants, rather than the developer, by reducing gross payable rent. This has the effect of improving demand and attractiveness of the space, leading to quicker lease-up, rather than putting money directly into the developer's pocket.

How will the TIEG work?

The TIEG will refund the increase in municipal property taxes over a 10-year period. The TIEG will provide a grant covering the entire increase in year 1, 90% in year 2, and continue to decrease by 10% until it becomes extinguished. The table below provides an example of an office project qualifying for the TIEG incentive.

Cost of Providing Incentives (Property Taxes)			
	City	Region	Total
Site Size (acre)	3.84		
Estimated Assessed Value Pre-Development (\$0.5M per acre)	\$1,920,000		
Estimated Assessed Value Post-Development (\$5M per acre)	\$19,200,000		
Office Building New Construction Property Tax Rate	0.56%	0.48%	1.04%
Pre-Development Tax	\$10,775	\$9,156	\$19,931
Post-Development Tax	\$107,754	\$91,557	\$199,311
Difference in Value	\$96,979	\$82,401	\$179,380
Year 1 (Full rebate)	\$96,979	\$82,401	\$179,380
Year 2 (90% rebate)	\$87,281	\$74,161	\$161,442
Year 3 (80% rebate)	\$77,583	\$65,921	\$143,504
Year 4 (70% rebate)	\$67,885	\$57,681	\$125,566
Year 5 (60% rebate)	\$58,187	\$49,441	\$107,628
Year 6 (50% rebate)	\$48,489	\$41,200	\$89,690
Year 7 (40% rebate)	\$38,792	\$32,960	\$71,752
Year 8 (30% rebate)	\$29,094	\$24,720	\$53,814
Year 9 (20% rebate)	\$19,396	\$16,480	\$35,876
Year 10 (10% Rebate)	\$9,698	\$8,240	\$17,938
Total TIEG Value (present\$ - no inflating or discounting in the above)	\$533,383	\$453,205	\$986,588

Region of Peel Matching Grants

In 2020, Regional Council directed Regional staff to explore the feasibility of establishing a Regional community improvement plan (CIP) for major office development. It was recommended that the Region support local municipal major office employment CIPs by contributing the Tax Increment Equivalent Grants (TIEG).

Regional Council directed staff to develop detailed recommendations for establishing an office incentives program that uses TIEG, including a framework and project criteria. In 2021, the Region of Peel adopted their 'Regional Major Office Incentives Program' in accordance with Section 28(7.2) of the *Planning Act*. The Region's incentive will function as a grant to the local municipalities who are also providing TIEG CIPs, who will then be provided both Regional and local grants to developments approved for the program.

The proposed major office incentives program is planned to be open to receive applications for a period of five years, subject to a cap on the total gross floor area up to 92,903 square meters (1,000,000 square feet) of major office gross floor area eligible for the Major Office Incentives (MOI) Program. The new reserve titled the 'Major Office Incentives Program Reserve' was established with \$100,000 of seed funding for the program. In principle, the Region's grant will be a TIEG that matches the local municipal TIEG by structure.

Expedited Planning Review

The City will provide 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.

Additional Incentive Tools for Future Consideration

The following is a list of incentive tools that may be considered at a later date and incorporated into the CIP program following a periodic review of the program. Each tool described below will need to be evaluated by various City departments to assess the need and determine the additional resources and/or funding required.

Development Charge Grant

The current development charge grant 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.

Capital Grant

A capital grant can also be used in-lieu of a grant or incentive tied to individual fees and charges (i.e. development charges). This would involve providing cash to a developer rather than reducing or refunding development charges or property taxes.

The City could potentially use the capital grant to offset underground parking costs. For example, projects pursuing underground parking, a capital grant of \$25,000 per parking space could be requested. The incentive would only be made available in locations the City determines underground parking is a desirable outcome and where the most cost-effective solutions (surface, podium parking) is not possible. Consultation with the City will be necessary to confirm budget and the City's support for the application.

Another alternative that could be considered under this program would be a City Parking Partnership Program. The City could consider partnering with developers by financing the underground parking component of an office development subject to its size, design, cost and location. The City would secure financing, in part through strata ownership of the underground parking, but would lease back the parking space on a cost recovery basis for a negotiated period of time, not less than 15 years. At the termination of the negotiated period, the City would sell or lease the space at market

rates. The owner of the building would have first right to purchase the parking space. While this approach would require a greater administration on the part of the City, this strategy would reduce upfront capital contributions by the City and provide an opportunity for cost recovery and possibility of improved municipal parking supply in strategic areas.

Development Application/Building Permit Fee Grant

A grant to offset 100 percent of the costs associated with a rezoning and site plan application will be offered, in addition to a grant covering building permit fees.

Cash-in-lieu Parkland Grant

A grant offered to offset 100% of the costs associated with cash-in-lieu of parkland requirements for the office use of a building.

Summary of Immediate Program Incentives

Incentive Type	Description	Support Available
Tax Increment Equivalent Grant	To encourage desirable and attractive development and redevelopment.	To cover a portion of the Municipal portion of the property tax as a result in the increase to the property assessment as a result of the improvements, over a 10-year period.
Region of Peel Office Incentive Program	The Regional Major Office Incentives (MOI) Program is a partnership program between the Region of Peel and its three local municipalities (Brampton, Caledon and Mississauga) to provide financial incentives to encourage major office development. It was recommended that the Region support the local municipal major office employment CIPs by contributing Tax Increment Equivalent Grants (TIEG) following a feasibility study.	The Regional Major Office Incentives Program is open to receive applications until April 22, 2026. \$100,000 seed funding provided for the Region's Major Office Incentive Program (approved in April 2022).

Expedited Planning Review	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.	
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Implementation Guidelines & Eligibility Requirements

The intent of this section is to discuss the guidelines and eligibility requirements of the immediate incentives supported by Council to move forward with the CIP and attract the desired office development needed in the City to create high-quality jobs.

Immediate Incentive Tool Kit

Tax Increment Equivalent Grant Program (TIEG)

The purpose of the TIEG is aimed for attracting office employment including complementary uses such as, research and lab space. The TIEG is a grant or rebate meant to offset the increase in property taxes from new construction the owner will face with development.

Program Details:

- The TEIG starting percentage must be no higher then 100%.
- The TEIG must decline by no less then 7% each year.
- The TIEG will be in place for up to ten years.

Program Expiry:

Eligibility Requirements:

- The project/application must be proposing major office development as defined with the City-wide Employment CIP
- The development must have a minimum of **25,000 square feet** of new office space. Renovation of existing office space not included.
- Owner-occupied or multi-tenant buildings can be eligible.
- In a mixed-use development or structure, only the new major office component as defined will be eligible for incentives.
- Change of use from warehouse to office (area-specific MTSA/boulevards (intensification areas))
- Major Office in the OP directed to Urban and Town Centres.

The TIEG will function in one to two ways: owner occupied buildings to directly reduce the property tax paid thereby, reducing the project's operating costs over the length of the program; or multi-tenant buildings reducing the property tax paid, which will reduce the gross rent paid by the tenant through a typical "triple-net lease" arrangement.

Grants shall be calculated based on the office GFA (as provided by MPAC) of a building and shall not apply to other uses located in the same building that the office use occupies, such as other non-residential uses (including parking garages, parking lots or parking areas) or residential uses.

Details:

- The effect of the program is to provide a grant for the City portion of the property taxes on behalf of the owner of land in the subject area who initiates and completes a development project through to initial occupancy.
- The amount of which is subject to Council approval is in an amount not exceeding the increase in municipal realty taxes (the Grant).
- Grants are equal to a percentage of the municipal tax increment on a declining rate basis for a maximum 10 year period.
- The increase in municipal realty taxes for the City portion will be based on either the year in which the building permit that initiated the development / redevelopment was issued or the first full year in which the property is reassessed.
- The building or structure is not condominium in tenure.
- MPAC must assess the new structure. Before any grant is provided to the Applicant for a property for which a satisfactory grant application has been received and approved, realty taxes are required to have been paid as billed each year as billed and the accounts remain in good standing.
- An Applicant will enter into an agreement with the City, Grant applications will not be accepted if there is an outstanding Request for Reconsideration through the Municipal Property Assessment Corporation (MPAC), outstanding Assessment Review Board appeal, outstanding divisional court appeal or an outstanding Municipal Act appeal, relating to the assessment of the Property or in respect of taxes related to the Property. The Grant application will only be accepted once the above has been settled and the revised (if applicable) property taxes have been calculated.

Target Area:

City-wide (Major Transit Station Areas/ major arterial roads)

Program Administration:

- Application meets with Economic Development and Planning staff to discuss the details of the development proposal to determine if they are eligible.
- Applicant submits application prior to site plan approval.
- Staff reports to Council with a recommendation report following final site plan approval.
- Agreement is to be entered into with the City, which is prepared by Legal, which will specify the terms of the grant

TIEG Agreement:

Shall be in compliance with the Program's requirements and conditions as set out in the TIEG Agreement the Applicant will be required to enter into with the City. Conditions in the Agreement include but are not limited to:

- The total value of the eligible grant provided under the Program will be reduced by 10% each year to year 10. In year 11 the applicant will be required to pay full municipal taxes.
- MPAC must assess the new structure.
- The amount by which property taxes have been cancelled or reduced for the subject property pursuant to any other City programs (i.e. vacancy rebates) or tax appeals under Sections 357 and 358 of the *Municipal Act*.
- The amount by which property taxes have been cancelled or reduced for the subject property pursuant to a Request for Reconsideration.
- The amount by which property taxes have been reduced or cancelled for the property pursuant to any relief or reduction permitted under any legislation or order of any court or the Assessment Review Board.
- If the Applicant, third party or the municipality has appealed the change in the property assessment, the grant will not be advanced until the appeal has been finally determined through the Assessment Review Board or Courts and revised property taxes have been calculated and adjusted.
- The first year of the grant is payable at the end of the calendar year in the first full year of reassessment, post completion, of the redevelopment/ development (subject to taxes being paid in full and no pending appeal or confirmation that the assessment will not be appealed). There must be no outstanding taxes, work orders or other fees owed to the City with respect to the property.

- The applicant agrees to provide annual updates with respect to the status of occupancy prior to receiving the grant for that year.
- Projects are to be in compliance with the City's Official Plan policies, other By-Laws and policies, including but not limited to zoning site plan approval and design guidelines. If an Official Plan Amendment and Zoning By-law Amendment is required it must be applied for by the owner and approved by Council.
- There are no other outstanding terms or conditions or any violations of the executed TIEG Agreement.

Funding Source:

To administer this program, the City of Brampton will establish a reserve fund to provide funding for the forgone revenues. Eligibility for this program will be limited by the funding available. The City's Strategic Reserves (TBD) is being considered to fund the TIEG program.

If during the course of the work, the scope of work changes along with associated costs, the City reserves the right to increase, decrease, or cancel the total amount of the grant. The annual grant payment will be based on the actual increase in property taxes as calculated based on the MPAC re-valuation following the project's completion.

Program Adjustments and Termination

The monitoring results (empirical, qualitative and feedback from applicants) will be used to improve the program by recommending adjustments to the eligibility requirements and the administration process. Therefore, the City may periodically review and adjust the terms and requirements of the program, or discontinue the program, without amendment, to the Central Area Community Improvement Plan. Changes will be implemented by way of Council approval of revised Program Implementation Guidelines.

Complementary Uses

The following is a list of complementary office uses that will be considered as part of the program. (TBE by EDO)

Laboratory space

Research space

Health Information and Communication Technologies

Innovation and Education

Testing and Medical Laboratories

Drugs and Pharmaceuticals

Region of Peel Major Office Incentive Program

The Region's Major Office Incentives (MOI) Program is a partnership program between the Region of Peel and its three local municipalities (Brampton, Caledon and Mississauga) to provide financial incentives to encourage major office development and support the Region's employment forecast targets.

Eligibility Requirements:

When a local municipality provides a Tax Increment Equivalent Grant (TIEG) for an eligible office development, the Region will contribute a financial incentive via a TIEG that matches the reimbursement percentage and the duration of the local TIEG provided that it satisfies the Regional Office Incentives Program criteria.

- The project/application must be proposing the development of major office within the Region of Peel and specifically within a designated Community Improvement Area in one of Peel's local municipalities.
- A new standalone major office development or a new major office component that meets the Region of Peel's definition of Major Office employment of 20,000 square feet (1,858 meters square) or above (up to 10% less will be considered as well).
- In a mixed-use development or structure, only the new major office component, as defined will be eligible for incentives.
- The project/application must conform to the Regional Official Plan and the subject local municipality's Official Plan.
- Owner-occupied or multi-tenant buildings can be eligible.
- Only new major office construction or the adaptive reuse of non-office buildings to major office uses, where the payment of increased property taxes would apply, are eligible.

Details:

The Region's grant will be a TIEG that matches the local municipal TIEG by structure, within the following thresholds:

- The TIEG starting percentage must be no higher than 100%
- The TIEG must decline by no less than 7% each year.
- The TIEG will be in place for up to ten years.

The MOI Program will be open to receive applications for a period of 5 years from Council Approval and subject to annual monitoring and program outcomes.

Application Process:

The process flow chart below highlights the Region's application process.



Target Area:

Region-wide (Brampton, Caledon and Mississauga)

Program Agreement:

The Region of Peel will prepare the final agreements after the post-construction property tax assessment is available, with the TIEG value informing the Regional Council budgeting for the MOI program. .

Expedited Planning Review:

City providing 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.

Monitoring and Evaluation of the CIP Program:

The Program Administer will monitor the uptake on the program on a regular basis and report back to Council on the uptake of the program and any further enhancements that can be made to improve the success of the program. It's anticipated that the program will be re-evaluated in 5 years allowing other infrastructure and planning programs to advance, at which time, staff may recommend moving from a city-wide approach to a targeted area approach.

Budget Evaluation

TBC

Promotion and Marketing Strategy

As part of this program our Economic Development Office (EDO) staff will work with residents and stakeholders to ensure they are kept aware of the incentives offered by

the Community Improvement Plan and potential opportunities to participate in the process. The following marketing tools may be made available to EDO to promote the City's program and increase the uptake.

Webpage

The City will create a dedicated webpage for the CIP program to keep the public and stakeholders updated on the latest information, which will be updated on a regular basis to ensure information is accurate.

Promotional Material Printed

The City may prepare brochures and educational material that provides an overview of the Community Improvement Plan and the incentive programs available.

Public/Stakeholder Consultation Events

The City may hold informational workshops or open houses upon adoption of the Plan and on an annual basis during the Plan's implementation to educate property owners, tenants, and other interested parties about the Plan, allow them to ask questions, and to communicate any changes to stakeholders.

Policy Planning staff (Program Administrator) and EDO staff will be available on an on-going basis to answer questions from potential applicants with respect to the Plan and its programs. The Program Administrator will also participate in pre-application consultation meetings as well as site visits to discuss the merits of a potential application with the applicant.

Conclusion (TBC)

Application Process

The City-wide Employment Community Improvement Plan (CIP) will be administered by the Planning, Building and Economic Development Department. The Planner shall be the initial point of contact for applicants interested in seeking incentives under this Plan.

The Planner will coordinate the review of the application within the City which may include:

- City staff from Planning, Building and Economic Development, Finance, Legal, and other divisions as appropriate.
- Corporate Leadership Team: CAO, Commissioner of Community Services, Commissioner of Corporate Services, Commissioner of Legislative Services, Commissioner of Planner, Building and Economic Development, Commissioner of Public Works and Engineering
- City Council

Applications accepted on a first-come first serve basis.

1. Pre-application form – information provided about the proposed development.
2. Pre-application Meeting with City Review Panel to review preliminary concepts and project eligibility.
3. Apply the Eligibility Criteria (i.e. minimum new office space 25,000 square feet)
4. Submit the CIP Application Form – proposed application circulated to the relevant departments for review and comment. Confirm it satisfies the intent of the Employment CIP and work with Finance to determine the financial incentive required to qualify for the TIEG.
5. Recommendation Report prepared by Planning Staff, including the financial analysis and impact to the City Budget prepared by Finance.
6. Council Decision whether to approve the application.
7. Development Approval Process.
8. Reimbursement after completion of development and MPAC assessment.