

Date: 2022-07-21

Subject: **Recommendation Report: City-wide Community Improvement Plan for Office Employment**

Contact: Mirella Palermo, Policy Planner, Planning, Building and Growth Management, mirella.palermo@brampton.ca, and Jeffrey Humble, Manager, Planning, Building and Growth Management, jeffrey.humble@brampton.ca, 905-874-5179

Report Number: Planning, Bld & Ec Dev-2022-711

Recommendations:

1. **THAT** the report titled, 'Recommendation Report: City-wide Community Improvement Plan for Office Employment' to the Planning and Development Committee meeting of September 12, 2022, be received;
2. **THAT** the by-law attached hereto as Appendix 1 be adopted by Council to establish a City-wide Community Improvement Plan (CIP) for Office Employment and the City move forward with finalizing the implementation guidelines and administering a Tax Increment Equivalent Grant (TIEG) incentive;
3. **THAT** City staff coordinate with the Region of Peel's Planning and Development Services Department to administer the Region's TIEG incentive through the City-wide CIP program;
4. **THAT** staff monitor the CIP program annually for the next three years and report back to Council on the uptake of the program and re-evaluate the program periodically to determine whether any amendments are needed to reflect the current market conditions for office development;
5. **THAT** Council approve staff's recommendation to consider the site plan application located at 7500 & 7510 Financial Drive that is currently under construction for the CIP program;
6. **THAT** Planning, Development and Growth Management Department staff be directed to administer the CIP program and work with staff from the City's Economic Development Office, Finance and Legal Departments to implement the

City's CIP and administer the Region's TIEG being offered through their Major Office Incentives program;

7. **THAT** the establishment of a City-wide CIP represents good planning, including consistency with the Provincial Policy Statement, conforms to A Place to Grow Plan for the Greater Golden Horseshoe, the Region of Peel Official Plan and their recently approved Regional Major Office Incentives Program and the City's Official Plan for the reasons outlined in this Planning Recommendation Report dated July 21, 2022; and,
8. **THAT** Council hereby determines that no further public notice is to be given pursuant to Section 34(17) of the *Planning Act*.

Overview:

- This report presents the final draft by-law for adoption to establish a City-wide Community Improvement Plan (CIP) for Office Employment activating the Tax Increment Equivalent Grant (TIEG) incentive.
- The City-wide CIP for office employment is recommended to be launched immediately upon Council adoption, and expire on April 22, 2026, to align with the expiry of the Region of Peel's Major Office Incentives (MOI) Program. Upon expiry of the CIP program, the City will no longer accept new applications however, applications received prior to April 22, 2026, that are eligible for the program will continue to receive the incentive in accordance to the CIP program.
- To participate in the Region of Peel Major Office Incentives (MOI) Program local municipalities are required to have a CIP program in place for office employment.
- The Region of Peel will coordinate with the City to offer the regional TIEG to the Council of the lower-tier municipality and not directly to the applicant.
- The City-wide CIP incentive program will be established to consider any site plan application received for office employment prior to the issuance of building permit.
- Approval to receive incentives through the CIP program does not guarantee planning application approval.
- Each application receiving TIEG funding from the CIP program will require Council approval.

- **The final CIP by-law takes into consideration comments received at the Statutory Public Meeting and from the Ministry of Municipal Housing and Affairs.**
- **The proposed CIP By-Law was presented at a hybrid statutory public meeting held on the May 16th, 2022.**

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 objective of the City-wide CIP is to attract additional employment development and redevelopment in Brampton's key sectors such as, Innovation and Technology, Entrepreneurship, Advanced Manufacturing and Health and Life Sciences, Green and Sustainable Technology and Manufacturing Businesses.

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. This included: implementing technical amendments to allow for additional financial support for high-density mixed-used projects to the existing Central Area Community Improvement Plan; preparing a Request for Proposal (RFP) to hire a consultant to undertake a study exploring opportunities for a city-wide CIP and proposing a package of financial and non-financial tools that would attract employment development to support the City's economic development and employment goals, along with affordable housing opportunities.

In Q4 2019 the City hired the consultant services of NBLC to undertake an employment study. The employment study was completed in November 2020 and endorsed by Council in March 2021 recommending several financial and non-financial incentives the City pursue as part of the City-wide CIP to attract office employment. It was recommended that the CIP be implemented for a prescribed period of time such as, 3 to 5 years and re-evaluated to assess whether the office employment targets are being achieved with the incentives in place.

In mid-March 2022, a draft of the CIP was sent to the Ministry of Municipal Housing and Affairs for review and comment as required by Section 28 in the *Planning Act* prior the Statutory Public meeting held on May 16, 2022. The City received the Ministry's comments in early June 2022, and are included in Appendix 2 of this report.

Region of Peel Major Office Incentives 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.

On April 22, 2021, Regional Council adopted By-Law 29-2021 providing delegated approval authority for the Regional Major Office Incentives Program administration, execution of agreements and granting of payments to the local municipalities to support their Community Improvement Plans for office employment.

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 on April 22, 2021, to provide seed funding for the Major Office Incentives (MOI) Program. Regional staff continue to work with local municipal staff to develop 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.

Current Situation:

This report presents the final CIP By-Law recommended for adoption following the review of input received since the statutory public meeting. The City-wide CIP is proposing to move forward with the following incentives:

1. **10-year TIEG (Tax Increment Equivalent Grant)** – offers a grant or rebate to a 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 property owner will be required to pay the applicable property tax each year and will be refunded through the grant structure as determined in the payment plan approved in year one of the project. 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 incentives agreement will be cancelled.

City staff will finalize the funding details of the Tax Increment Equivalent Grant (TIEG) incentive program with the review/approval of each application administered under the CIP program. The applicant will be responsible to submit an initial TIEG payment plan at site plan submission and provide a final copy of the TIEG payment plan to the City following completion of the MPAC property reassessment for review and approval.

2. **Region of Peel offering matching grants** – on April 22, 2021, the Region implemented a TIEG incentive through their Major Office Incentives (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 by an applicant if the local municipalities implement a similar incentive program. The Region will only be able to offer the grant to the Council of the lower-tiered municipality and not directly to the applicant.

Finance, Economic Development and Policy staff will continue to coordinate/meet with staff from the Region of Peel regarding the administration of their Major Office Incentives (MOI) Program.

3. **Expedited planning review** – the City plans to 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 program does not guarantee planning application approval.

Program Length & Monitoring

Staff recommend that the City-wide CIP program for Office Employment expire on April 22, 2026, to align with the Region of Peel's Major Office Incentives (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. All applications received prior to the expiry date will be considered for the incentives, in accordance with the CIP 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 is recommended to evaluate the effectiveness of program's incentives/tools and market conditions, including feedback from the development community.

Planning Analysis

The proposed City-wide CIP for office employment by-law recommended for adoption is consistent with the Provincial Policy Statement, 2020 and is in conformity with A Place to Grow: Growth Plan for the Greater Golden Horseshoe, 2020, as well as the Region's Official Plan and their Major Office Incentives (MOI) Program. The proposed by-law is also consistent with Brampton's Official Plan, and Subsection 28(2) of the *Planning Act* allowing 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.

A detailed planning analysis can be found in Appendix 3 of this report.

Statutory Public Meeting

Notice of the statutory public meeting for the proposed Community Improvement Plan was published in the Brampton Guardian on April 21, 2022, as per *Planning Act* requirements. The hybrid public meeting for the proposed City-wide CIP for Office Employment was held on Monday, May 16, 2022. No member of the public was in attendance at the hybrid public meeting to speak to the proposed CIP (refer to Appendix 4 - meeting minutes).

Staff did receive a question from a member of the Planning and Development Committee regarding site plan applications for office employment submitted to the City prior to the launch of the program. All site plan applications received for office employment that has an applicant interested in participating in the City-wide CIP will be considered for the program incentives as long as, the CIP application is submitted/accepted by the City prior to the building permit issuance.

Staff recommend considering the site plan application located at 7500 & 7510 Financial Drive for the CIP program. The building which is currently under construction will serve as the new office headquarters for MDA, along with a complementary lab space. The applicant was advised that the CIP program for office employment was being established and selected Brampton to construct their headquarters because of the TIEG incentives being offered by the City and the Region of Peel.

On May 16, 2022, staff received a letter of support from Kaneff Group highlighting the benefits of the City implementing a CIP to incentivize office development and attract quality businesses and employment opportunities to stimulate growth in the local economy (refer to Appendix 5 for correspondence).

Comments received from the Ministry of Municipal Housing and Affairs on June 9, 2022, were reviewed and addressed by staff. Staff's responses can be found in Appendix 6 of this report.

Corporate Implications:

Financial Implications:

There are no direct financial implications associated with this report. Any financial impacts resulting from future applications will be identified in forthcoming reports to Council and included in future operating budget submissions, pending Council approval. Any rebates resulting from this program will be funded from property taxes.

Other Implications:

Economic Development Implications

The City's Economic Development office supports 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 class "A" office space to fulfill their needs. As of July 2022, the vacancy rates for Class A and B office space is approximately 1%. The City needs to be nimble with readily available office space in order to compete with neighbouring municipalities that have a far more available office space.

New office space is required for companies that are trying to compete for the best and brightest talent. In order to attract and maintain employees, there needs to be a steady flow of newly constructed office space outfitted with top-of-the-line fixtures, amenities, and technological systems. Class A buildings are aesthetically pleasing, highly visible and are easily accessible and attractive to their employees.

Talent continues to be a cornerstone of Brampton's Economic Recovery strategy. The City continues to pursue post-secondary expansion opportunities while promoting the existing post-secondary institutions to increase the level of talent in Brampton. This new CIP will help complement that strategy by making it easier for companies to move to Brampton and hire from the talented labour pool that the City is producing.

Over the past three 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, RVZ, Altitude Accelerator, BHIVE, Brampton Entrepreneur Centre (BEC) and the Brampton BHIVE are anticipated to turn out a number of new businesses and ventures. Once these businesses complete their programs and incubation period, they need space to move into. Increasing the inventory of Class A and B office space increase the overall supply of office space and provides more opportunity for new businesses to establish themselves and enter the market.

The City-wide Employment CIP will be tailored to attract employment uses in multiple settings. Part of the City's value proposition is that there are still 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. The City is in the unique opportunity to provide suburban and urban environment depending on the requirement/ desires of the employer/employees.

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 work with the new investment to capitalize on this opportunity to attract even more investment in the sector.

Developers and prospective investors have expressed concern over the cost of building office space. In some cases developers would rather build residential and warehouse uses that can be filled much faster given the current consumer appetite for housing and e-commerce. However, building a City that is dominated by these uses don't provide for a balanced economy or more liveable community where residents can live and work in the same City. This CIP is meant to help make office projects more appealing and bridge that gap for investors, while improving the balance between higher end employment and residential or warehousing.

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 Incentives 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, prospective investors in Brampton cannot take advantage of the Region's program unless Brampton activates a similar program.

In conclusion, 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.

Legal Implications

As we move forward with the implementation of the CIP program the City's Legal department will be involved in preparing the Financial Incentives Agreement for each application qualifying for the CIP incentives. The agreements will be registered on title to the applicable lands, and will set-out the terms and conditions that the applicant must comply with to maintain the agreement in good standing, including conditions by which the City may terminate the agreement.

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 2019/2020 Council directed staff to review the opportunity of creating a Community Improvement Plan (CIP) to attract office employment to the City. Following the completion of NBLC's employment study, staff were directed to move forward with the preparation of a City-wide CIP for office employment.

Staff from our Economic and Development office have been approached by major investors and landowners with the intent of developing office with complementary research/lab space but are in need of financial assistance to make it all come together. Economic staff anticipate that the approved CIP will lead to investment and employment growth aimed to bring resiliency and a competitive advantage to Brampton economy.

This report presents the proposed by-law recommended for adoption to establish a City-wide Community Improvement Plan for office employment to support future investment and employment growth needed across the City. The proposed by-law represents "good planning" aligning with the Provincial Policy Statement, A Place to Grow: Growth Plan for the Greater Golden Horseshoe (2020), the Region of Peel's Official Plan, the Region's Major Office Incentives Program and Brampton's Official Plan.

Authored by:

Reviewed by:

Mirella Palermo
Senior Policy Planner
Planning, Building and Growth
Management

Jeffrey Humble
Manager of Program and Implementation
Planning, Building and Growth Management

Approved by:

Jason Schmidt-Shoukri
Commissioner
Planning, Building and Growth Management

Attachments:

Appendix 1 – Proposed Community Improvement Plan By-Law for adoption

Appendix 2 – Comments received from the Ministry of Municipal Housing and Affairs
(June 9, 2022)

Appendix 3 – Planning Analysis

Appendix 4 – Meeting Minutes from the May 16, 2022, Planning and Development
Committee

Appendix 5 – Correspondence from Kaneff Group received May 16, 2022

Appendix 6 – Staff's response to the comments received from the Ministry of Municipal
Housing and Affairs