

Regional Major Office Incentives Program

Background & Summary

Background



- 2017 Region of Peel Employment Strategy Discussion Paper:
 - Recommended strategies to achieve 2041 employment targets.
 - Investigate incentivizing major office employment through a regional community improvement plan (CIP) was suggested as one potential strategy.
- February 2020: Regional Council directed staff to report back on the feasibility of establishing a Regional CIP for major office (Resolution 2020-158)
- July 2020: A staff report and Feasibility Assessment recommended a Regional CIP not be created, but the Region support the local CIPs via tax increment equivalent grants
- Regional council directed staff to report back on the establishment of an office incentive program (Resolution 2020-633)

Economic and Employment Trends

Factors impacting employment conditions and reducing demand for office space:

- The changing nature of work and other economic changes pre-COVID-19
- COVID-19 public health response measures have created additional uncertainty due to:
 - Job losses
 - Remote work & physical distancing in workplaces
 - Business challenges



490 Bramalea Road



241 Queen St. E.

Economic and Employment Trends

- The Region's major office development activity has not met growth forecasts in the last decade
- Incentivizing major office development can reduce financial barriers to development and support achieving office growth outcomes

Major Office Employment – Draft Job Growth Forecasts to 2051			
	2021	2051	Increase between 2021 and 2051
Mississauga	116,500	163,000	46,500
Brampton	20,500	71,250	50,750
Caledon	250	13,000	12,750
Peel Total	137,250	247,250	110,000
Note: Values are rounded to the nearest 250 jobs			

Policy Framework

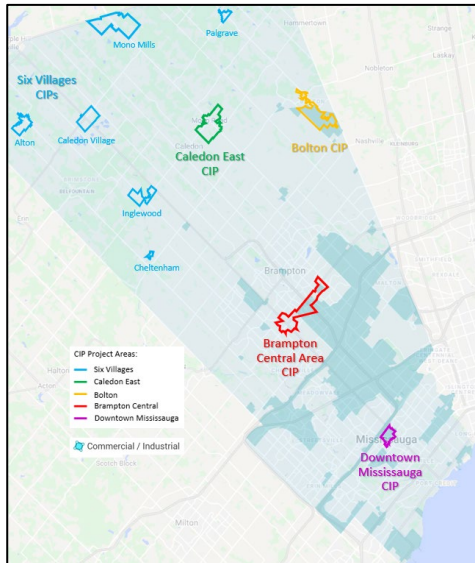
Planning Act

- Subsection 28 (7.2) permits Regional municipalities to allocate funds to major office projects that contribute to or match the incentives offered by local municipalities, if and where local CIPs already exist.
- Authorizes upper-tier municipalities to make grants, loans, and other incentives to lower-tier municipalities to carrying out a local municipal CIP without a Regional CIP.

Regional Official Plan

- Policies 7.7.2.26 and 7.7.2.27 allow for a community improvement strategy to be adopted and guide the Region's participation and support of local CIPs
- The Region's proposed community improvement strategy is this "Regional Major Office Incentives Program" (MOI Program)

Regional MOI Program & Local CIPs



CIP Project Areas in Peel
Source: N. Barry Lyon Consultants Limited

The Region's MOI Program will be applicable where there is a local municipal CIP for office development in the form of a TIEG.

Existing Local CIPs

- Mississauga's existing office CIP applies to a specified area of the Downtown Core
- Brampton's existing CIP applies to the Central Area, but the City is preparing an office CIP which would apply across the entire municipality
- Caledon does not currently have a CIP to incentivize office development
 - The Region will participate in the CIP program in line with our established parameters if a CIP for office development is established.

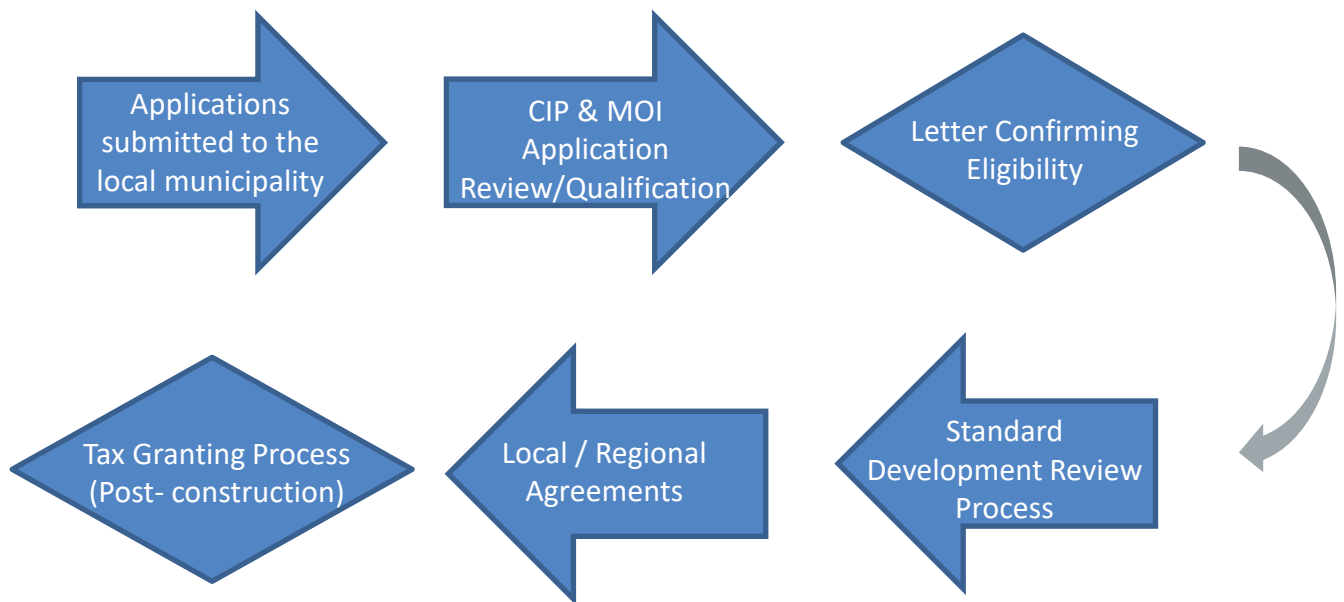
MOI Program Eligibility

- ☐ The development must conform to the Regional Official Plan.
- ☐ The proposed development must meet the Region's definition of Major Office and be within a designated local CIP:

A major office employment land use is 20,000 sq. ft. (1,858 m²) or above.
(up to 10% less will be considered)

- ☐ Where the office land use is part of a larger mixed-use development, only the office component will be incentivized through this program.
- ☐ Owner-occupied or multi-tenant buildings can be considered.
- ☐ Only new major office construction or the adaptive reuse non-office buildings to major office uses, where the payment of increased property taxes would apply, are eligible.
- ☐ The Region's MOI program will be open to receive applications, prior to building permit issuance, for a period of 5 years from Council Approval, subject to a cap in the total gross floor area that may be approved.

Application Process



TIEG Structure

- The MOI Program provides key details, including the structure of the TIEG being offered and the process for how TIEGs are calculated.

TIEGs allow the increase in municipal property tax (i.e. the incremental tax difference from a vacant site to an office tower) to be refunded in full or partially over a defined period of time.

- The TIEG is calculated from a pre-determined percentage of the tax increment and declines every year for a defined period.
- 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.

Case Study I

A 7-storey standalone office building in an employment area and transit corridor

Pre-development Details	
Land Use	Vacant (Commercial vacant / Excess Land)
MPAC Assessment Value	\$ 1,482,781
Regional Property Tax Rate	0.41%
Regional Property Taxes	\$ 6,010
Post-Development Details	
Land Use	Office (Commercial)
Structure & Storeys	1 tower of 7 storeys
Eligible Office Component	73,500 ft ² (6,828 m ²)
MPAC Assessment Value	\$ 11,503,000
Regional Property Tax Rate	0.48 %
Regional Property Taxes	\$ 54,853
Tax Incremental Difference	\$ 48,843



The refund is 100% of the tax increment in the first year of 10, declining by 10% each year

Year	Portion Impacted by TIEG	% Refunded	Property Tax Refunded ¹	Property Tax Retained ²
1	\$48,843	100%	\$48,843	\$6,010
2	\$48,843	90%	\$43,958	\$10,894
3	\$48,843	80%	\$39,074	\$15,779
4	\$48,843	70%	\$34,190	\$20,663
5	\$48,843	60%	\$29,306	\$25,547
6	\$48,843	50%	\$24,421	\$30,431
7	\$48,843	40%	\$19,537	\$35,316
8	\$48,843	30%	\$14,653	\$40,200
9	\$48,843	20%	\$9,769	\$45,084
10	\$48,843	10%	\$4,884	\$49,969
11	\$48,843	0%	\$0	\$54,853
Total	\$488,427	49% ²	\$268,635	\$279,894

Financial Implications

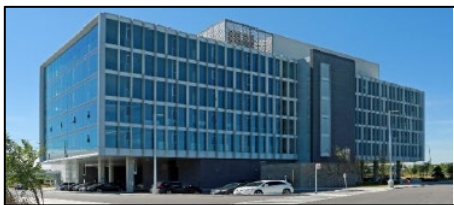
- The MOI Program is essentially self-funded due to the chosen incentive:
 - TIEGs refund a portion of the increase in taxes to be received
 - The Region will receive the payable taxes in full, then issue the grant back to the local municipality
- Staff recommend that a new reserve titled “Major Office Incentive Program Reserve” be established to track and facilitate grants
- A one-time transfer of \$100,000 in seed funding from the existing Tax Rate Stabilization Reserve to the Major Office Incentive Reserve will be made
- Staff will review grant application(s) from local municipalities and include appropriate budget proposals for Council consideration during future annual budget processes

With up to 92,903 square metres of major office gross floor area incentivized in the 5-year application period, this could equate to an estimated grant level of approximately \$10 million over a 10-year period*

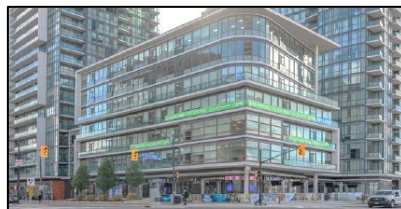
- *Financial implications of the proposed MOI Program are dependent on variables such as:
 - Uptake of the incentives
 - Market conditions & the employment landscape in the Region
 - The economic benefit and the effectiveness of the financial incentives
 - Location of developments
 - Other drivers of office investment

Recommendations

- Adopt the MOI Program as a community improvement strategy for the Region
- Adopt a by-law to provide delegated authority to staff to administer the program to:
 - Incent up to a total of 92,903 square metres (1,000,000 square feet) of major office space
 - Make grant payments of up to 10 million total for eligible major office developments
- Establish the Major Office Incentive Program Reserve



5015 Spectrum Way, Mississauga



Office Phase of Parkside Village, 4080 Confederation Parkway

Next Steps

- The impacts of the COVID-19 pandemic have made providing incentives an even more important part of Peel's employment strategy to be responsive to community needs and provide jobs.
- Staff will work with local municipal partners to develop detailed administrative processes, agreements, and budgeting requirements to implement the MOI Program.
- Information on the program will be available to the public on the Region's website and through the development application process.



Rendering of Inspiration Port Credit