

# **Feasibility Assessment of a Major Office Employment Community Improvement Plan (CIP)**

**Regional Council Meeting**

**July 23, 2020**

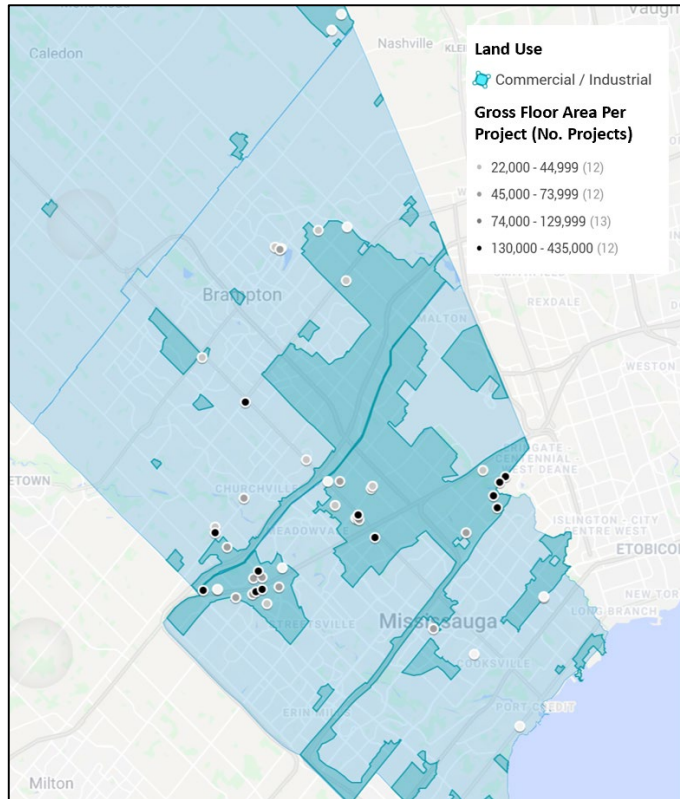
Adrian Smith,  
Interim Chief Planner and Director of  
Regional Planning and Growth Management

# 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.
- In February 2020, Regional Council directed staff to report back on the feasibility of establishing a Regional CIP for major office in Q2 of 2020.
- Staff worked with a consultant to complete an initial feasibility assessment with local municipal input.

# Feasibility Assessment **Key Findings**



*Distribution of all New Office in Peel Region by Project Size, 2010 to Q1 2020  
Source: N. Barry Lyon Consultants Limited; Costar.*

- Peel is strategically located in the Greater Toronto and Hamilton Area (GTHA) transportation network.
- Peel has attracted some office growth around key Corporate Centres.
- Peel maintains a strong competitive position for Major Office Employment within the GTHA.
- Factors impacting employment conditions in 2020 include:
  - The changing nature of work
  - US trade uncertainties
  - Other economic changes prior to the onset of the COVID-19 response

# Feasibility Assessment **Key Findings**

## Key Drivers of Office Demand

- Office locations that fulfill the greatest number of tenant needs or preferred locational attributes will be in highest demand, achieve higher rents, and generally support viability of the largest scale projects.

The range of factors include:

- access to higher order transit and walkable communities
- access to labour and talent
- proximity to similar industries
- access to highways
- exposure/visibility
- Parking requirements/costs, regionally competitive pricing, operating costs, development charges (DCs).



Rendering of Inspiration Port Credit



Rendering of Square One Redevelopment

# Feasibility Assessment **Key Findings**

## Key Drivers of Office Demand

- Financial incentives for office investment can improve the economics of development by:
  - lowering capital costs
  - reducing operating costs
  - reducing gross rents to attract tenants
  - removing some financial obstacles to development
- Financial incentives are effective in eliminating/lessening financial issues that may preclude development, but do not address every driver influencing the location of commercial investment.
- For example, despite funding being available, several GTHA CIPs have had little to no uptake.



Office Phase of Parkside Village, 4080 Confederation Parkway



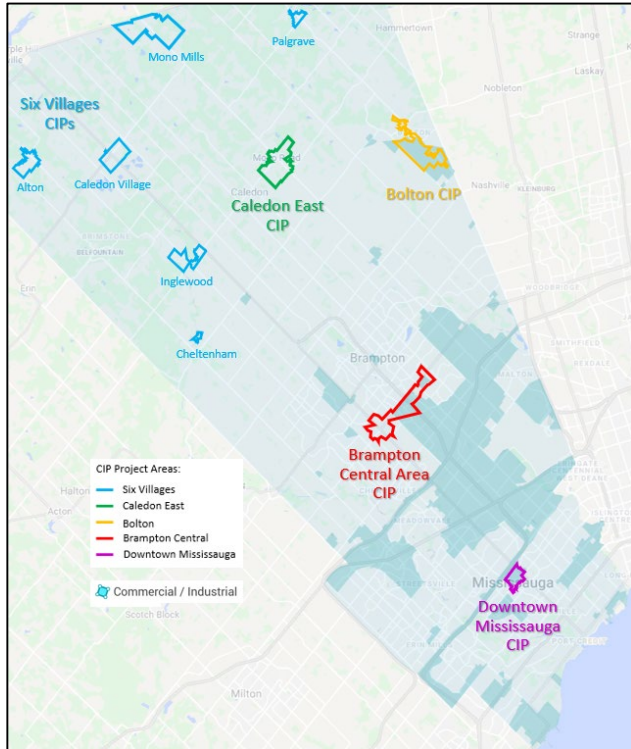
490 Bramalea Road

10.3- 22



241 Queen St. E.

# Feasibility Assessment **Key Findings**



*CIP Project Areas in Peel*

*Source: N. Barry Lyon Consultants Limited*

## Examples and Uses of Financial Incentives

- There are various types of incentives that can be used:
  - Tax increment equivalent grant (TIEG).
  - Development Charges reduction/deferral/waiver.
  - capital improvement grants.
  - waiving development/permit fees.
  - Lessening the cost/requirement of parking.
- Some incentives require funding or a reserve secured upfront to implement a CIP, which would impact property taxes.
- A TIEG incentive would not require a reserve fund or funds drawn from property taxes. A TIEG provides stagnant tax rates for a limited period of time, after which, increased tax revenues would result from the development that may not have occurred otherwise.
- Each local municipality has their own CIPs utilizing various types of incentives.

# Regional Financial Considerations

The Region has a number of competing priorities and financial considerations:

- Peel is facing a long-term erosion of non-residential property taxes (Mowat Centre, 2019); supporting major office development is necessary to achieve a balance in property tax revenues.
- One of the primary ways the Region supports economic and population growth is through extensive upfront infrastructure investment. To date, Peel has \$1.6 billion in debt financed growth infrastructure.
- Some CIP incentives, like DC rebates would require that a dedicated funding source and financial reserve be identified, via property tax increases.
- TIEG incentives have fewer risks and financial burdens, as they would not require funds to be drawn from the residential tax base and thus, not requiring property tax increases.
- Should Regional Council choose to participate in local municipal CIPs via incentives other than a TIEG, the funding requirements may negatively impact property taxes and funding for other key Regional priorities.

# Feasibility Assessment **Recommendations**

**Considering the feasibility of Regional CIPs, the Region's financial priorities, and the expertise of Peel's local municipal partners' initiatives, it is recommended that:**

- A Regional CIP is not established or implemented;
- The Region support and contribute to the local municipal CIPs in a way best suited to Regional priorities; and
- The Region's incentive contributions are made via TIEGs, which will not increase the tax burden on residents, nor impact funding for other key Regional priorities.



# Feasibility Assessment Recommendations

## Next Steps

- Staff can provide detailed recommendations for establishing an office incentive program that uses TIEGs.
- Develop a framework and project criteria for enabling Regional participation in local CIPs.
- Continue to work with the local municipalities on developing a program that reflects the local context.



5015 Spectrum Way, Mississauga



Rendering of Shoppers World Redevelopment 10.3- 26



7685 Hurontario St. – TD Bank Bldg.

# Thank you.

Contact info:

Adrian Smith, Interim Chief Planner and Director of  
Regional Planning and Growth Management

[adrian.smith@peelregion.ca](mailto:adrian.smith@peelregion.ca)

Tel: 905-791-7800 ext. 4047

