

City of Mississauga
Corporate Report



<p>Date: January 21, 2022</p> <p>To: Chair and Members of Planning and Development Committee</p>	<p>Originator's files: CD 04 DOW</p>
<p>From: Andrew Whittemore, M.U.R.P., Commissioner of Planning & Building</p>	<p>Meeting date: February 14, 2022</p>

Subject

Information Report – Downtown Office Community Improvement Plan (CIP) Update (Wards 4 and 7)

Recommendation

1. That the report titled “Downtown Office Community Improvement Plan (CIP) Update” dated January 21, 2022 from the Commissioner of Planning and Building, be received for information.
2. That staff prepare an update to the Downtown Office Community Improvement Plan (CIP) to extend the application period to match the Region of Peel’s Major Office Incentives (MOI) program deadline of April 22, 2026.
3. That staff be authorized to hold a public meeting at an upcoming Planning and Development Committee meeting in Q2 2022.
4. That staff be directed to consider expanding the boundary of the Community Improvement Plan for office and related uses along the Hurontario Light Rail Transit corridor in the remainder of Downtown Mississauga (Cooksville, Fairview, Hospital).

Executive Summary

- The existing Downtown Office Community Improvement Plan (CIP) will expire on July 4, 2022, extending the CIP to April 22, 2026 will align available City incentives with the Region of Peel’s Major Office Incentives (MOI) program allowing for the potential of the programs to be combined and maximized.
- Residential uses continue to dominate new construction and development applications in the downtown jeopardizing the City’s ability to achieve the 1:1 employment to resident objective and the ability to meet the 2051 growth target.
- The remainder of Downtown Mississauga (Cooksville, Fairview, Hospital) faces

challenges similar to those of the Downtown Core, warranting the consideration of extending the CIP or establishing a complementary program in these areas.

Background

The City's Downtown Office Community Improvement Plan (CIP) was enacted in 2017 and came into effect in 2018 (Appendix 1). The CIP is an enabling tool that permit the following incentive programs:

- Tax Increment Equivalent Grants (TIEGs);
- Development Processing Fees Grants; and
- Municipally Funded Parking Assistance.

On April 22, 2021, Region of Peel Council approved a Major Office Incentives (MOI) program, which matches a local municipality's TIEGs up to a 10 year term, a maximum initial grant percentage of 100% and annual decline of no less than 7%. This more than doubles the impact of the City's TIEG with the Region contributing \$1.25 for every \$1 invested by the City, resulting in an incentive that is more comparable to those provided in other cities.

Present Status

The City's in effect CIP will expire on July 4, 2022, after which applications cannot be received and the Region's MOI program will effectively no longer be available in Mississauga as it only permits grants matching local TIEGs.

To date, Oxford properties Group Inc. (Oxford) has been the only applicant to the Downtown Office CIP. According to Oxford, financial incentives are required to bridge the material difference between total development expenditures and the income achievable from market rents. In the absence of financial incentives, the risk profile and return threshold for new office construction in Downtown Mississauga is not within the range of what a prudent and responsible institutional office investor or financial backer can accept. Typically, office developments require financing from multiple lenders in order to activate new development.

Oxford's TIEG request for 189-219 Rathburn Road West was approved in principle at the June 23, 2021 Planning and Development Committee meeting. There are currently Site Plan and Removal of "H" applications in process for this site. We understand that Oxford has not yet reached a tenant threshold to proceed with construction.

The Region and local municipalities continue to collaborate on promoting and executing the Region's MOI program.

Comments

The CIP was originally conceived as a 5-year program (expiring July 4, 2022) to incent office prior to the arrival of the Hurontario Light Rail Transit (LRT). Initially the Region was not

interested in participating in a CIP, but has since developed their MOI program. In order to maximize the potential of the combined programs, the CIP should be extended to coincide with the Region's MOI deadline of April 22, 2026. Should the existing CIP expire on July 4, 2022 without a program extension in effect, an entirely new CIP may be required for the Downtown which would result in a lapse between programs.

In order to extend the existing CIP, a new CIP document and implementing by-law are required to be endorsed by Council and complete the 20-day appeal period prior to the expiry of the current CIP on July 4, 2022. To meet this timeline, staff propose amending the current CIP document and holding a statutory Public Meeting on March 28, 2022. Barring any unanticipated major comments at that meeting, staff intend to bring forward a Recommendation Report on May 9, 2022 to allow time for Council approval and the appeal period prior to the current expiry date.

The Province's multi-billion dollar investment to build a new state-of-the-art Mississauga Hospital provides an opportune time to further support non-residential development in the downtown. New office development has the potential to augment future City tax revenue while responding to community needs and providing jobs, but residential development continues to be preferred due to the anticipated higher return on investment and lower level of risk. Overall, office development in the Downtown has been eclipsed by the rate of residential development and some existing office buildings are now reaching their end of life and are ripe for redevelopment. As residential development continues, future sites for office are being eliminated, restricting the ability to achieve the 1:1 employment to resident target established in the Official Plan and the ability to meet the office development growth target for 2051. In order to achieve the vibrant downtown envisioned for Mississauga, a better balance of employment (beyond retail jobs) and residents is required.

The Downtown Core is not the only location where existing office is facing redevelopment pressures. Therefore it is proposed that a CIP also be considered for the remainder of Downtown Mississauga (Cooksville, Fairview, Hospital) to support and encourage the development of office uses along the Hurontario LRT corridor. Staff would like to concurrently review the feasibility and appropriateness of either extending the existing Downtown CIP to these areas or developing a complementary program to support a balance of uses through (re)development.

Strategic Plan

The Downtown Office CIP supports the strategic goal *Create a Vibrant Downtown* under the Connect pillar. It also supports the Prosper pillar which aims to develop talent, attract innovative businesses and meet employment needs.

Financial Impact

There are no financial impacts resulting from the Recommendations in this report.

Conclusion

The Downtown Office CIP will expire on July 4, 2022, but office developments in the downtown still require incentives in order to be financially viable. In order to maximize the Region's MOI matching program, the Downtown Office CIP should be extended to coincide with the Region's deadline of April 22, 2026.

The remainder of the Downtown (Cooksville, Fairview, Hospital) would also benefit from either expanding the Downtown Office CIP into these areas or establishing a complementary program as pressure for residential development remains strong.

Attachments

Appendix 1: Downtown Office Community Improvement Plan

Appendix 2: Community Improvement Project Area Boundary – Downtown Core

Appendix 3: City Structure - Downtown



(Chris Rouse Acting Commissioner)

Andrew Whitemore, M.U.R.P., Commissioner of Planning & Building

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