

# the **downtown** community improvement plan

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## 1.0 INTRODUCTION

The Downtown Core Character Area (referred to as the downtown) is currently home to approximately 34,000 residents and 22,650 jobs. The downtown has been successful in attracting high density residential uses. However, no significant new office development has been constructed in the downtown in over 20 years.

In 1992, Mississauga's downtown was the most successful office location within the city, with approximately 3 million sq. ft. (279,000 m<sup>2</sup>) of prestige office space.<sup>1</sup> However, since then most office development has relocated to the business parks. Two of the major impediments to office development not occurring in the downtown are the cost of land and the cost of constructing underground parking.

Given vacancy rates are rising in the Greater Toronto and Hamilton Area (GTHA), there is significant competition for office.

Office development is cyclical in nature and the interest in downtowns is re-emerging. Businesses are interested in urban areas that are walkable and in close proximity to amenities and transit stations. The downtown has these, as well as, a strong residential base to support future office buildings. Although there appears to be growing interest in locating in the downtown, it is important to narrow the competitive gap between the downtown and other municipalities. New office development will support key transit infrastructure investments and the existing residential base.

<sup>1</sup> Mississauga Office Strategy Study, Final Report, 2008

## 2.0 PURPOSE OF THE CIP

The Downtown Community Improvement Plan (CIP) is a strategic tool intended to stimulate investment in office development.

This CIP is an enabling tool available to the City should a landowner or tenant be interested in participating in one or a combination of programs. The proposal must meet the criteria outlined in this CIP and advance the City's strategic priorities. All proposals are subject to City Council approval or that of its delegate.

## 3.0 VISION

### Downtown 21 Master Plan

One of the strategic goals for the City is to create a vibrant downtown that will be the civic and cultural hub of the city, as well as a strong economic centre. The Downtown 21 Master Plan articulates the vision for the downtown and defines six guiding principles to achieve the plan's goals. They are:

1. Catalyze Employment
2. Build Multi Modal
3. Create an Urban Place
4. Living Green
5. Establish a Focus
6. Create a Development Framework with Predictability

The Downtown Core is to achieve a 1:1 population to employment ratio with a total population of 70,000 people and 70,000 jobs.

### Mississauga Official Plan

Mississauga Official Plan Amendment 8 (MOPA 8) implements the vision of the Downtown 21 Master Plan. Mississauga

Official Plan (MOP) includes policies, as required by the *Planning Act*, that allow the City to designate community improvement project areas and prepare and adopt community improvement plans. The policies list the types of matters that a CIP may address, one of which is the identification of the need to encourage office and other employment opportunities.

The Downtown Local Area Plan (DLAP) includes various policies to support the provision of a community improvement plan for office in Mississauga's downtown. Attracting new jobs, particularly in the office sector to balance population and employment (Policy 4.1.c of DLAP) is identified as a guiding principle. Consideration of community improvement plans and other planning tools are identified as strategies to encourage, incent and support employment uses in the DLAP as well (Policy 5.1.3).

#### Type of Office in the Downtown

The top three industries in the Downtown Core are:

- Finance and Insurance
- Professional, Scientific and Technical Services
- Retail Trade

Emerging industries, such as Creative Industry, and office types, such as shared spaces, innovative spaces and cluster spaces, are highly encouraged in the downtown. These office uses would be permitted in the Office and Mixed Use designations in the Downtown Core.

This CIP is consistent with the existing MOP, MOPA 8 and Region of Peel Official Plan policies.

#### Regional Government Participation

Regional governments are permitted to create community improvement plans of their own or participate in those at the lower-tier level, provided they deal only with prescribed matters. The benefit of Regional involvement, especially for incentives such as Tax Increment Equivalent Grants (TIEGs), is that they can offer a larger grant than local governments, making these types of incentives more attractive to potential developers.

At this time the Region of Peel is not participating in this CIP.

#### Stakeholder Consultation

In the fall of 2015 staff engaged stakeholders to discuss a Community Improvement Plan, specifically the boundaries and potential incentives. The engagement revealed that in order to achieve office development, the boundary would need to capture opportunities beyond the existing downtown transit terminal. Staff also heard that incentives would help developers offset the cost of building parking. Further, Regional participation was said to be critical to the success of the program.

A public meeting was held on October 24, 2016 to provide members of the community and interested stakeholders an opportunity to comment on the draft Downtown Community Improvement Plan. There was general support for a CIP in the downtown.

Some of the comments raised at the public meeting include:

- Concern with the criteria requirement of applications complying to MOPA 8 and its related Zoning, as it would not provide for minor variance allowances

- Certainty around the amount of TIEG incentive that would be provided by the City
- Expedited timing of approvals under staff delegated authority
- Request that the incentives apply to existing office sites
- Consideration of the type of office expected in the downtown due to the changing nature of technology and its impact on office space needs and the amount of parking that would be required
- Comments on opportunities for creative industry within downtown office
- Creative industry is encouraged to locate in the downtown and would be permitted to do so under existing policies

## 4.0 COMMUNITY IMPROVEMENT PROJECT AREA

On March 6, 2013, Council passed By-law #0052-2013 thereby designating the Exchange District of the Downtown Core Character Area as a Community Improvement Project Area. By-law #0178-2016 was passed on September 14, 2016 that expanded the CIPA to the entire Downtown Core Character Area (Figure 1).

Changes made to the Downtown CIP in response to these comments:

- The eligibility criteria is amended to delete the requirement that applications comply to MOPA 8 and its related zoning. Existing policies will apply
- The TIEG incentive is not changed. The CIP is intended to be an enabling tool so that applications can be considered on a case-by-case basis
- It is recommended that a by-law to delegate approval authority of the TIEG (up to a certain threshold) and Development Processing Fees Grant to the City Manager be prepared
- This CIP is intended for new office development. No changes have been made to make the incentives applicable to existing office developments
- The current office market still demands parking at a ratio greater than the zoning requirement, even if efficient transit is provided

The rationale for expanding the boundary is to provide greater opportunity to attract office development to the downtown, with the objective of creating a complete community with a balanced population to employment ratio. This would ensure opportunities afforded by new light rail transit (LRT) and bus rapid transit (BRT) investments are capitalized.

The “but for” test establishes the need for the incentives and asks “but for the existence of X, would Y have occurred?”. This test applies to the downtown, i.e., but for any type of incentive, office development will likely not occur in the downtown.

## 5.0 LEGISLATIVE AUTHORITY

### 5.1 *Municipal Act*

Section 106(1) of the *Municipal Act*, 2001, c.M.45 prohibits municipalities from assisting, either directly or indirectly, any manufacturing

business or other industrial or commercial enterprise through the granting of bonuses for that purpose. However, an exception is made in Section 106(3) of the *Municipal Act*, 2001, for municipalities exercising powers under Section 28(6) or (7) of the *Planning Act*. Section 28 of the *Planning Act* allows municipalities with community improvement policy provisions in their Official Plans, to designate by by-law a “community improvement project area”. Once designated, a municipality may prepare a “Community Improvement Plan” which may provide either direct or indirect financial assistance to businesses in the designated area.

### 5.2 Planning Act

According to Section 28(1) of the *Planning Act*, a “community improvement project area” is defined as “a municipality or an area within a municipality, the community improvement of which in the opinion of the council is desirable

because of age, dilapidation, overcrowding, faulty arrangement, unsuitability of buildings or for any other environmental, social or community economic development reason.”

For the purposes of carrying out a CIP, a municipality may engage in the following activities within the community improvement project area:

- acquire, hold, clear, grade or otherwise prepare land for community improvement (Section 28(3))
- construct, repair, rehabilitate or improve buildings on land acquired or held by it in conformity with the community improvement plan (Section 28(6))
- sell, lease or otherwise dispose of any land acquired or held by it in conformity with the community improvement plan (Section 28(6))

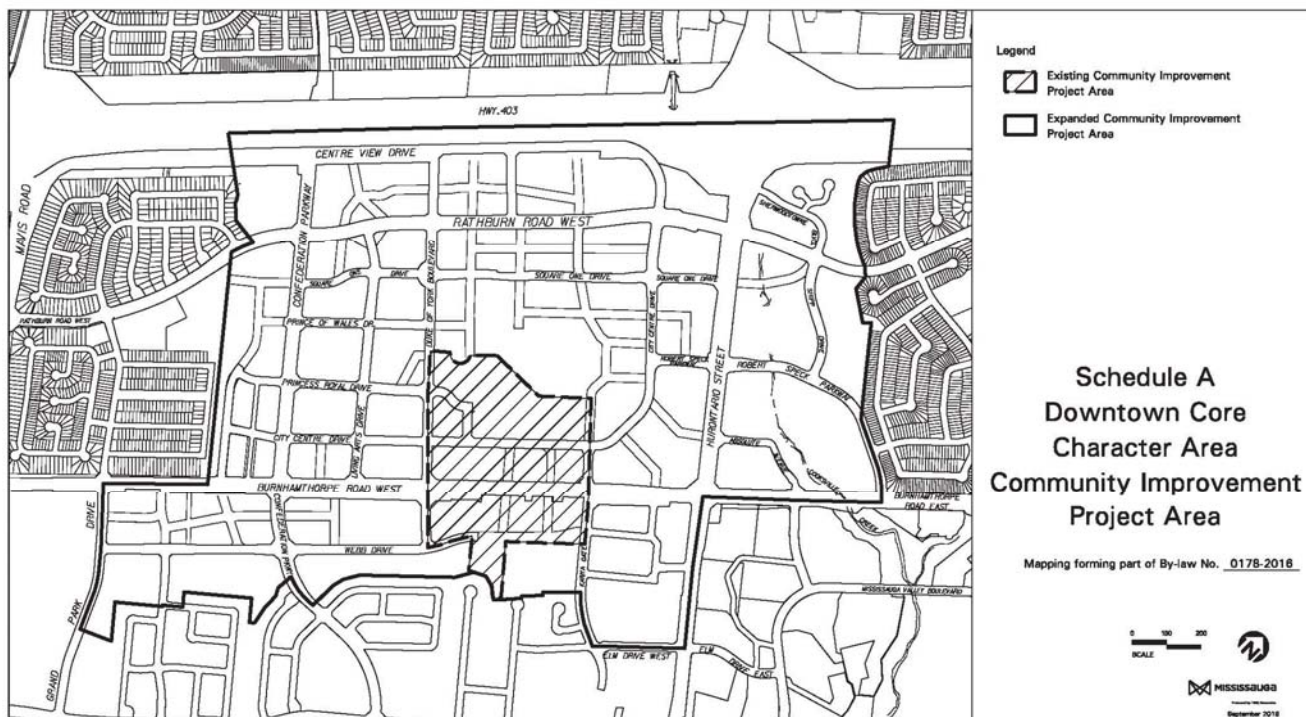


Figure 1: Downtown Core Community Improvement Project Area

- make grants or loans to registered owners, assessed owners and tenants of lands and buildings within the community improvement project area, and to any person to whom such an owner or tenant has assigned the right to receive a grant or loan, to pay for the whole or any part of the cost of rehabilitating such lands and buildings in conformity with the community improvement plan (Section 28(7))

## 6.0 THE DOWNTOWN COMMUNITY IMPROVEMENT PLAN

### 6.1 Goals

The key goal of the CIP is to attract office development, which in turn creates employment.

Attracting additional employment to the downtown will help balance growth and create an active, vibrant environment that:

- a. provides a lively, pedestrian and transit-oriented urban place that is a model, catalyst and attractor for on-going investment in the downtown
- b. supports existing and planned transit infrastructure
- c. supports arts, culture, recreation activities, institutions, entertainment and other employment uses

### 6.2 Objective

The objective of the Downtown CIP is to stimulate private sector investment through grant programs aimed at reducing development costs.

## 7.0 INCENTIVE PROGRAMS/TOOLBOX

### 7.1 The “Toolbox” Approach

The approach with the Downtown CIP is to enable a “toolbox” of incentives that can be used to attract office development by providing incentives to offset the high cost of parking in the downtown, subject to budget and program approval of Council or its delegate. A list of programs that are enabled as part of this CIP are set out below.

Once the CIP is adopted, some or all of the incentive programs in the toolbox may be activated. Applicants may choose to apply for one or a combination of programs. All applications are subject to a case-by-case evaluation and financial assessment.

No upfront seed money is allocated in conjunction with this Plan and the details of each program (commitment of funding, budget allocation, time limits, changes, termination, forms and instructions) are to be secured through a formal and legally binding agreement.

### 7.2 Financial Incentive Programs

This CIP toolbox includes the following potential incentives.

#### 7.2.1 Tax Increment Equivalent Grant (TIEG)

**Intent:** To promote office development by removing the financial disincentive associated with increased property taxes related to this type of development.

**Description:** A Tax Increment Equivalent Grant (TIEG) is a financial incentive to improve or redevelop property. It is provided in the form of a grant equivalent to a portion of the increase in the municipal property taxes directly attributable to a development/improvement. After the development has been constructed, the City provides a grant to the property owner on an annual basis for an agreed upon term. Such grant programs often diminish in scale over their duration.

For example, the duration of the grant might be ten years. At year one, the value of the grant is equivalent to 100% of the increase in municipal property taxes due to the improvement/development. At year two, the value drops to 90% of the increase and continues to drop 10% a year until the last year of the grant program.

**Funding:** Limited to property taxes charged by the City and pro-rated to apply to the office development only.

**Implementation:** Detailed implementation including but not limited to incentive limitations, duration, funding and financial and other conditions will be determined through a formal program agreement.

If during the course of the work, the scope of the work changes, or actual costs are greater or less than estimated costs, the City reserves the right to increase or decrease 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 actual re-evaluation by the Municipal Property Assessment Corporation (MPAC) following project completion.

**Timing:** This program is time limited for five years from the date of Council approval. Agreements that extend beyond the five year program duration remain active and valid.

## 7.2.2 Development Processing Fees Grant

**Intent:** To improve the feasibility of developing office uses in the downtown by rebating the development application and building permit fees paid for this type of proposal.

**Description:** For appropriate development projects, a one-time grant may be offered equivalent to the municipal planning application fees related to:

- official plan amendments
- rezonings
- minor variances and consents
- site plans, site plan amendments
- plans of subdivision

**Funding:** Limited to application fees charged by the City and pro-rated to apply to the office development only.

**Implementation:** Detailed implementation including, but not limited to, incentive limitations, duration, funding and financial and other conditions will be determined through a formal program agreement.

**Timing:** This program is time limited for five years from the date of Council approval. Agreements that extend beyond the five year program duration remain active and valid.

## 7.2.3 Municipally Funded Parking Program

**Intent:** To provide parking at reduced cost to the office developer.

**Description:** As a means of stimulating new office building development, the City may build and own a municipal stand-alone parking facility. The City may offer a below



market value rate for the rental or lease of the parking.

Alternatively, the City may co-locate a portion of municipally owned parking within a private office building development. The City would retain ownership of the facility/spaces for the long term.

**Funding:** Limited to capital budget approval by Council.

**Implementation:** Detailed implementation including, but not limited to, leasing rate, incentive limitations, duration, funding and financial and other conditions will be determined through a formal program agreement with the developer subject to approval by Council.

**Timing:** This program is time limited for five years from the date of Council approval. Agreements that extend beyond the five year program duration remain active and valid.

#### 7.2.4 Municipal Property Acquisition and Disposition

**Intent:** To provide land at market or below market value for developments that include office.

**Description:** The City may acquire key properties for the purposes of redeveloping them for office buildings. The City may issue requests for proposals (RFPs) for private development of key municipal properties and/or participate in public-private partnerships (P3s) for development that achieves the objectives of the CIP. Additionally, the City may elect to dispose of City-owned lands for the purpose of attracting new office building development. Prospective public agencies or governments wishing to build office buildings may also apply to this program.

**Funding:** Limited to capital budget approval by Council.

**Implementation:** Detailed implementation would be determined at the time of land acquisition or disposition.

**Timing:** This program is time limited for five years from the date of Council approval. Agreements that extend beyond the five year program duration remain active and valid.

The community improvement strategies referenced above describe incentives for private sector development. Prospective public agencies or governments wishing to build office buildings may also apply to this program. The details and structuring of incentive packages will be prepared on a case-by-case basis subject to Council approval or that of its delegate.

### 7.3 Guiding CIP Principles

The program is designed to assist proponents who complete projects rather than those who speculate on the granting of development approvals (such as rezoning applications) only to enhance land use or density permissions.

Individual programs may not be activated or may be terminated based on Council decision or its delegate.

The level of incentive available to successful proponents is based on many factors including the following: location within the Community Improvement Project Area, type of development, quality of the proposal, public benefit, and alignment with the strategic priorities of the City.

Incentives will not be granted to office uses that are considered accessory to another use.

## 7.4 General Eligibility Criteria

The general eligibility criteria for participation in one or more of the Downtown CIP programs is as follows:

- a. only lands situated within the Downtown Community Improvement Project Area as outlined in Figure 1 are eligible
- b. only new construction or the adaptive reuse of existing office buildings, where the payment of increased property taxes would apply, are eligible
- c. only buildings with a minimum height of three storeys are eligible
- d. a minimum of 5,000 m<sup>2</sup> (50,000 sq. ft.) is required to be eligible
- e. only the office portion of a mixed-use development is eligible
- f. Transportation Demand Management (TDM) measures must be included in accordance with MOP Section 8.5 or related transportation master plans
- g. The subject property may not be in a position of tax arrears at the time of agreement and throughout the entire length of the agreement's duration.

## 8.0 IMPLEMENTATION

### 8.1 Activation

The Plan shall come into effect the day after the approval of the adopting by-law (and the expiration of the appeal period).

## 8.2 Administration Process

The Downtown CIP will be administered by the Planning and Building Department. Additional information and application forms can be found on the Planning and Building website at:

<http://www.mississauga.ca/portal/residents/planningandbuilding>

If incentives are granted, the landowner or tenant will be subject to terms and conditions, to be secured within a legally binding agreement. A list of potential terms and conditions are found in Appendix 1. The list is provided for information only as legal agreements will likely be subject to provisions beyond those listed.

### 8.3 Amending Policies

A formal amendment to this Community Improvement Plan is required in the following circumstances:

- changes to the Downtown Community Improvement Plan boundary
- the addition of grant, loan and incentive programs, not referred to in the Downtown Community Improvement Plan
- other major revisions (e.g. program time frames, eligibility criteria, etc.)

The discontinuation, by Council of any program referred to in the Downtown Community Improvement Plan shall not require an amendment to the Plan. Amendments are subject to the provisions of the *Planning Act* with respect to notice, public involvement and appeal provisions.

## 8.4 Marketing the CIP

Marketing of the Downtown CIP after it has been approved may be promoted through a number of means, including but not limited to:

- Website content on the City of Mississauga Planning and Building webpage
- Print media including a newspaper advertisement, program notice distribution to all eligible properties, brochures, press release
- A targeted social media campaign (e.g. Twitter, LinkedIn, Blog) and email communications to key stakeholders
- Utilize Economic Development Office's partners' media and websites (i.e. Invest Ontario, Toronto Global, Mississauga Board of Trade, realtors, developers)
- Development of a downtown marketing campaign
- Municipal solicitation for expressions of interest in the tool box incentives
- Meetings with key stakeholders, including property owners, Building Industry and Land Development Association (BILD) and other interest groups

costs, demand for parking, and other criteria established by staff.

## 8.5 Monitoring the Plan

Monitoring of the CIP, program participation and performance will be conducted by the Planning and Building Department annually to provide the basis for decisions regarding program design and funding. Potential monitoring items and metrics include tax assessment totals and contribution to the City's total tax base, office vacancy rates, and value of building permits issued.

Auditing may also include a third party review of the office market to validate the "but for" test and need for incentives. This review may examine existing office rates, construction

## Terms and Conditions for the Use of Incentives

The Downtown Community Improvement Plan incentive programs are subject to City Council approval or that of its delegate. If incentives are granted, the land owner or tenant may be subject to the following terms and conditions. The list provided below is for information only as legal agreements will likely be subject to provisions beyond those listed.

- a. The merits of providing financial incentives will be considered on a case-by-case basis. The decision to provide financial incentives is entirely at the discretion of the City of Mississauga Council or that of its delegate
- b. A formal agreement between the City and land owner, tenant or authorized agent is required to establish the terms of the incentive package and obligations of the City and recipients. This agreement will specify the terms, conditions, duration and default provisions of the incentive to be provided and will be subject to approval by Council or that of its delegate
- c. The development proposal meets all legal and financial obligations of the agreement
- d. The subject property may not be in a position of tax arrears at the time of agreement and throughout the entire length of the agreement's duration
- e. Where other sources of government and/or non-profit organization funding (Federal, Provincial, Municipal, Canada Mortgage and Housing Corporation (CMHC), Federation of Canadian Municipalities, etc.) are anticipated or have been secured to cover a portion of redevelopment, these must be declared prior to the approval of the agreement by Council or its delegate
- f. If the recipient fails to comply with the conditions of the agreement with the City, the City may delay, reduce or cancel the approved incentive, and require repayment of the approved incentive
- g. All proposed works approved under the financial incentive programs shall conform to all municipal by-laws, policies, procedures, standards and guidelines
- h. All works proposed under one or more of the financial incentive programs shall be in conformity with Mississauga Official Plan and other planning requirements and approvals at both the local and regional level
- i. All improvements made to buildings and/or land shall be made pursuant to a Building Permit, and/or other required permits, and constructed in accordance with the Ontario Building Code and all applicable zoning requirements and planning approvals
- j. All works completed must comply with the description of the works as provided in the application form and/or contained in the program agreement with any amendments as approved by the City

- k. When required by the City, outstanding work orders, and/or orders or requests to comply, and/or other charges from the City must be satisfactorily addressed prior to the approval/payment of the incentive
- l. City staff, officials, and/or agents of the City may inspect any property that is the subject of an application for any of the financial incentive programs offered by the City
- m. No incentive funds will be dispensed by the City until the development has been completed and received final inspection from the Planning and Building Department