

Date: May 16, 2022	Originator's files:
To: Chair and Members of General Committee	
From: Andrew Whittemore, M.U.R.P., Commissioner of Planning & Building	Meeting date: June 1, 2022

## Subject

The Lakeview Innovation District – Operational Plan Update

## Recommendation

1. That the Economic Development Office ('EDO') pursue key strategic partnership development opportunities and investment preparation activities to prime the site for investment attraction as outlined in the report titled the "Lakeview Innovation District – Operational Plan Update".
2. That City Planning Strategies be directed to prepare a Community Improvement Plan for the Lakeview Innovation District in accordance with the key strategic City-building and economic development goals as outlined in the report titled the "Lakeview Innovation District – Operational Plan Update" dated May 16, 2022 from the Commissioner of Planning and Building.

## Executive Summary

- The Lakeview Innovation District presents a unique opportunity for the City of Mississauga ('City') to advance key strategic City-building and economic development goals.
- To inform on how to activate the entire site as an innovation campus, the Economic Development Office (EDO) hired HR&A Advisors and their sub-consultants, Urban Strategies and Innovation Community Strategies to undertake an assessment of the existing market conditions and to develop a road map to follow to realize the City's vision.
- Over the next 12 to 18 months, key priorities will include investment preparation activities, and pursuing marketing, partnerships, programming and event opportunities. Specific opportunities include:
  - Developing a partnership agreement with Lakeview Community Partners Ltd ('LCPL') to collaboratively advance the vision for the site including reflecting City's commitment to the sectors of focus: Cleantech; Life Sciences, Information and Communications Technology;

- Supporting City Planning Strategies to prepare a Community Improvement Plan ('CIP') for the Innovation District;
  - Identifying Grant/Funding Opportunities to leverage external funding (e.g. Provincial and Federal funding) available for activating the site to its envisioned uses and;
  - Continuing conversations with post-secondary institutions, with input from Legal Services, to identify basic terms, conditions and requirements in order to explore education programming proposals for the site.
- Outcomes of these opportunities will be brought forward to General Committee at a later date for further review.

## Background

The opportunity for the Inspiration Lakeview Innovation Corridor ('Innovation District') was identified in the Inspiration Lakeview Master Plan (2014) as a vital economic driver for Lakeview Village, projected to accommodate over 1.8 million sq. ft. of employment space and 9,000 jobs.

The Innovation District capitalizes on the mandatory buffer zone adjacent to the G.E. Booth Wastewater Treatment Facility, where employment uses represent the most valuable use for the site. In addition, the Innovation District allows the City to meet growth allocations as identified through the Municipal Comprehensive Review, which will create a complete community with a balance between employment and population in this new waterfront community.

From a City-building perspective, the Innovation District will ensure that Lakeview Village is a genuine complete community that balances employment and population through the creation of high quality, knowledge-intensive jobs. This will enable the City to diversify its tax base to continue to deliver services and maintain and expand community infrastructure for citizen benefit. Local jobs support the local economy, enhance community wellbeing and promote balanced growth.

From an economic development perspective, the creation of the Innovation District will be an opportunity to anchor Mississauga's entrepreneurship and innovation ecosystem within its innovation identity IDEA Mississauga – Mississauga's newly-revealed entrepreneurship and innovation market identifier. The geographical distribution of Mississauga's innovation private and public organizations is illustrated **Appendix 1: Map of Mississauga's Innovation Ecosystem** which shows that the city has a rich innovation ecosystem. IDEA encompasses all innovation assets across the city, and therefore, IDEA encompasses all of Mississauga. However there is value in leveraging the Lakeview Innovation District as an anchor to position Mississauga as the scaling and commercialization global leader; and a centre for entrepreneurship and innovation with in the region.

## Comments

The land designated as Innovation District is nearly 50 acres. The City is in ownership of two anchors of the site that includes the Small Arms Inspection Building (SAIB)/Arsenal Lands and Serson Campus along the waterfront. In addition to the City's stake, the development consortium Lakeview Community Partners Limited (LCPL) and existing businesses are current landowners of the site. The envisioned site overview is illustrated in **Appendix 2: Lakeview Innovation District Ownership Overview**.

The site presents unique challenges and opportunities to advance the City's strategic priorities. As part landowner of the Lakeview Innovation District, the City has been assessing how to achieve a cohesive vision and activate the entire site as an innovation campus. As such, the Lakeview Innovation District Activation Project ('Project') was undertaken to provide the City with a better understanding of the existing market conditions and to advance the City's strategic priorities in the context of market conditions.

In April 2021, EDO hired HR&A Advisors and their sub-consultants, Urban Strategies and Innovation Community Strategies to undertake the development of the Project. The Consultants' work was guided by input from the Project Steering Committee that was made up of City staff from the Economic Development Office, City Planning Strategies, Development & Design, Strategic Communications & Initiatives, Realty Services and Legal Services. The work included:

- **Phase 1 – Land Development Plan:** An assessment of the existing market conditions to identify the most appropriate approach to position the City's portion of the Innovation District to the market.
- **Phase 2 – Operational Plan:** An action and implementation plan identifying recommendations to transform the conceptual idea for the Innovation District into a cohesive and fully operational site.

As part of the Land Development Plan work, the Consultants identified that the vision to develop the land into an innovation campus translates to a development opportunity of employment space comprising primarily office, flex-office, and lab uses. Through a pro-forma analysis, HR&A also determined that under current conditions there is a development gap in the Lakeview market for the type of uses envisioned for the site.

Based on current market dynamics and supported by development feasibility analysis, the market is unlikely to deliver the Lakeview vision in the short-term as the current highest and best employment use for Lakeview is low-rise industrial. Further analysis identified that over the long term, without intervention, the highest and best use that will be supported by the market will be low-rise flex industrial space with an estimated absorption of 20+ years.

Given the development gap, HR&A recognized that the City stewardship will be required through the application of an appropriate land development plan to create the market for the envisioned uses and that the City can leverage a number of enabling policies to make the site attractive for investment that is aligned with the vision.

HR&A also identified a vision for the Innovation District that leverages the site’s rich historic legacy, local industry strengths and key emerging opportunities to establish a clear market identifier that differentiates the site from the broader Toronto-Waterloo Innovation Corridor and global innovation ecosystem. Key components of the Innovation District’s value proposition include the following:

Guiding Principles	<ul style="list-style-type: none"> <li>▪ Environmental Sustainability</li> <li>▪ Entrepreneurship and Innovation</li> <li>▪ Equitable and Inclusive Growth</li> </ul>
Sector Focus	<ul style="list-style-type: none"> <li>▪ Cleantech</li> <li>▪ Life Sciences</li> <li>▪ Information and Communications Technology</li> </ul>
Entrepreneurship & Innovation Focus	<ul style="list-style-type: none"> <li>▪ High-Growth and Scaling<sup>1</sup></li> </ul>

To get the site market ready, HR&A outlined a number of priorities with the following being the most immediate:

- **Develop Partnership Agreement between the City and LCPL:** In order to establish the recommended governance structure, a formalized partnership between the City and LCPL is required. To date, the Economic Development Office (EDO) has actively engaged LCPL who have identified their interest in pursuing conversations with the City to jointly activate the site as an innovation campus. The partnership agreement may detail specific processes, roles, responsibilities and accountability across parties. One of the key areas under the Partnership Agreement will be to reflect the City’s commitment to the key sector that have been identified through the Consultants’ work and vetted by City staff: Cleantech; Life Sciences and Information and Communications Technology.

Further anticipated conversations with additional and/or future private site landowners presents additional opportunities to partner with other stakeholders to collaboratively advance a cohesive vision for the Innovation District.

<sup>1</sup> High-growth and scaling companies are firms that have surpassed preliminary product/service validation and sales and is interested in scaling and commercializing an innovative business solution through dynamic growth.

- **Develop a CIP for the Innovation District:** A CIP is a tool under Section 28 of the *Planning Act* that enables the City to provide incentives to encourage and direct development without contravening the *Municipal Act's* bonusing rules. The establishment of a CIP for the Innovation District will allow the City to provide financial and non-financial incentive tools to encourage desired development as well as facilitate opportunities for Public-Private partnerships.

While incentives have an impact on City revenue, they are premised on the “but for” argument: but for the provision of incentives, the preferred type of development would not likely have occurred. The uses envisioned for the site (office, wet labs, and flex office space) currently face a development gap, which could partially be bridged by a CIP.

The CIP would investigate incentives for all of the lands within the Innovation District. Possible incentive tools include tax increment equivalent grants (TIEGs), planning application fee relief, and municipally funded parking. A TIEG provides a rebate to property owners to offset a portion of the increased property tax after redevelopment. Where major office uses are proposed, a matching TIEG may also be available for the Region's portion of property taxes through the Region of Peel's Major Office Incentives Program.

The incentives provided through a CIP alone will likely not be enough to bridge the entire development gap additional grants and/or funding streams will be necessary to ensure the viability of the desired development.

- **Identify Grant/Funding Opportunities:** Funding and resourcing recommendations should be framed in a funding strategy to identify opportunities to leverage external funding (e.g. Provincial and Federal funding) available for activating the site to its envisioned uses. Federal and Provincial policy are increasingly shifting to go beyond entrepreneurship and small business formation to a focus on support for high-growth scale-ups in order to produce world-class businesses that compete on global scale.
- **Begin Setting the Tone for the Development Opportunity:** Marketing, partnerships, programming and events will be critical in setting the tone for the development opportunity as well as animating the site as a genuine innovation destination. As such, EDO should pursue conversations with post-secondary institutions to determine their interest. Additionally, there is an opportunity to align the Innovation District with IDEA Mississauga – Mississauga's newly-revealed entrepreneurship and innovation market identifier and community – by being identified as IDEA Lakeview.

Timelines to operationalize the Innovation District will be dependent on the broader redevelopment timelines for Lakeview Village. The specific development opportunities for the Innovation District will be market-driven. Over the next 12 to 18 months, the priority will be to advance 'Market Preparation' activities to include investment preparation activities, and pursuing marketing, partnerships, programming and event opportunities.

12 -18 months	<p>Prepare to market the site</p> <ul style="list-style-type: none"> <li>▪ Establish partnership with LCPL</li> <li>▪ Develop a CIP for the Innovation District</li> <li>▪ Pursue partnerships “of interest”</li> <li>▪ Develop and launch IDEA Lakeview marketing campaign</li> </ul>
12 -18 months	Issue Request for Expression of Interest (REI) to the market
4 years+	Selected developers/partner organizations begin first phase of construction
Beyond	Long-term operations of the site through a self-sustained governance structure

## Engagement and Consultation

HR&A’s work was guided by the Project team. This included engagement of stakeholders to understand opportunities for the Innovation District and to establish support for the direction of key activities.

The project was guided by an interdisciplinary Steering Committee that included staff across the Economic Development Office, City Planning Strategies, Development & Design, Strategic Communications & Initiatives, Realty Services and Legal Services divisions. Additional consultation to review the key priorities included outreach with staff across Environment, Smart City, Municipal Parking, Culture and Tourism Mississauga as well as LCPL.

This engagement helped to identify subject matter experts and champions that will be critical in helping to support the implementation of key activities. Stakeholders remain supportive and committed to supporting Project implementation. Continued collaboration across stakeholders will be required to successfully launch the Innovation District.

## Financial Impact

Key priorities in preparing to market the site that have operating and capital resource implications will be further validated through a detailed analysis of a business model. If required, the business case will be submitted through the budget and business planning processes.

## Conclusion

The Lakeview Innovation District presents a unique opportunity for the City to advance key strategic City-building and economic development goals. The Innovation District will ensure that Lakeview Village is a genuine complete community through the establishment of high quality, knowledge-intensive jobs.

Over the next 12 to 18 months, key priorities will include investment preparation activities, and pursuing marketing, partnerships, programming and event opportunities. Specific opportunities include:

- Developing a partnership agreement with Lakeview Community Partners Ltd ('LCPL') to collaboratively advance the vision for the site including reflecting City's commitment to the sectors of focus: Cleantech; Life Sciences Information and Communications Technology;
- Supporting City Planning Strategies to prepare a Community Improvement Plan ('CIP') for the Innovation District;
- Identifying Grant/Funding Opportunities to leverage external funding (e.g. Provincial and Federal funding) available for activating the site to its envisioned uses and;
- Continuing conversations with post-secondary institutions, with input from Legal Services, to identify basic terms, conditions and requirements in order to explore education programming proposals for the site.

Outcomes of these opportunities will be brought forward to General Committee at a later date for further review. By leveraging existing resources, expertise and relationships, the City will be intentional about activating the Innovation District.

## Attachments

Appendix 1: Mississauga's Innovation Ecosystem

Appendix 2: Lakeview Innovation District Ownership Overview



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

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