

City of Mississauga  
**Corporate Report**



<p>Date: May 5, 2023</p>	<p>Originator's files: CD.22-LAK</p>
<p>To: Chair and Members of Planning and Development Committee</p> <p>From: Andrew Whittemore, M.U.R.P., Commissioner of Planning &amp; Building</p>	<p>Meeting date: May 29, 2023</p>

## Subject

### **PUBLIC MEETING RECOMMENDATION REPORT (WARD 1)**

Lakeview Innovation District Community Improvement Plan

## Recommendation

1. That the proposed Lakeview Innovation District Community Improvement Plan contained in Appendix 1 of the report titled, "Lakeview Innovation District Community Improvement Plan" dated May 5, 2023 from the Commissioner of Planning and Building be adopted.
2. That an implementing by-law to adopt the Lakeview Innovation District Community Improvement Plan be brought to a future City Council meeting and that the City Solicitor be authorized to make any non-substantive stylistic and technical changes to the Community Improvement Plan, as may be required, prior to Council adoption.

## Executive Summary

- In the Innovation District, desired uses are unlikely to occur without incentives.
- The Community Improvement Plan (CIP) is an enabling document, permitting the City to incentivize private corporations. However, Council is under no obligation to approve individual applications for incentives.
- In order to address the range of goals identified for the CIP, incentives are proposed for two categories: Economic Development Key Sectors (Key Sectors) and Low-Carbon Technologies and Energy Systems (Low-Carbon).
- Proposed incentives for both categories include Tax Increment Equivalent Grants (TIEG), Development Charge (DC) Deferrals, and Municipal Property Acquisition and Disposal. Municipally Funded Parking is also proposed for the Key Sectors and Capital Loans are proposed for Low-Carbon.

- CIP applications will be received for seven years. The issuance of any incentives is subject to eligibility criteria and an executed Financial Incentives Agreement, subject to Council approval.

## Background

The Inspiration Lakeview Master Plan, received by City of Mississauga (City) Council in 2014, envisions a world class, destination urban waterfront community. The Inspiration Lakeview Innovation Corridor (Innovation District) will be the economic driver for the new community delivering an environment where people can research and develop innovative solutions that help to educate and drive behavioural change, and, help to generate prosperity.

Three Key Sectors are targeted for the Innovation District: Life Sciences, Clean Technology (including low-carbon technology like district energy), and Information and Communications Technology, but a significant gap between development costs and achievable revenues (rents) currently exists. City intervention is required if these uses are to be realised.

A Community Improvement Plan (CIP) is a tool under Section 28 of the *Planning Act* that enables the City to provide incentives without contravening the *Municipal Act's* bonusing rules. Prior to enacting a CIP, a Community Improvement Project Area (CIPA) must be designated by Council.

At the February 13, 2023 Planning and Development Committee meeting, staff proposed that the Lakeview Innovation District be designated a CIPA<sup>1</sup>, resulting in Council adopted Recommendation PDC-001-2023 (March 1, 2023):

1. That a by-law be enacted to designate the Innovation District [...] as a Community Improvement Project Area [...].
2. That a future public meeting be held to consider the Community Improvement Plan for the Innovation District within the Lakeview Waterfront Major Node.

As a result, by-law 0052-2023 was enacted on March 22, 2023 enabling staff to prepare a CIP for the Innovation District.

## Comments

Central to the rationale for establishing a CIP is the “but for” test, which establishes the need for incentives and asks: but for the existence of X, would Y have occurred? In the Innovation District, but for the existence of incentives, development of the desired uses are unlikely to occur. Therefore, it is unlikely that the Innovation District vision can be achieved in the absence

---

<sup>1</sup> <https://pub-mississauga.escribemeetings.com/Meeting.aspx?Id=2d7c92bb-e364-4623-8a58-7809f229dba8&Agenda=PostAgenda&lang=English&Item=10&Tab=attachments>

of City incentives. The CIP is an enabling document. Council is not obligated to approve the individual applications for incentives.

## GOALS

The CIP was prepared to achieve the following goals:

1. Create a complete community with a balance between employment and population.
2. Expand the City's entrepreneurship and innovation ecosystem.
3. Achieve the Innovation District guiding principles of: Environmental Sustainability; Entrepreneurship and Innovation; and Equitable and Inclusive Growth.
4. Support the achievement of the City's Climate Change Action Plan goals and actions.

Given the range of goals, the CIP was developed on the basis of two application categories: Economic Development Key Sectors (Key Sectors) and Low-Carbon Technologies and Energy Systems (Low-Carbon). The Key Sectors support CIP goals one through three, while Low-Carbon supports goals three and four.

## KEY SECTORS

The CIP proposes to incentivize Key Sectors employment uses that create high quality, knowledge-intensive jobs and advance the City's innovation ecosystem. Incentives for Key Sectors are more structured so that they can be marketed to prospective businesses. It is anticipated that most applicants will apply under this category.

The Key Sectors identified for the Innovation District are:

- **Clean Technology** – any process, product or service that reduces environmental impacts through environmental protection activities and resource management activities that result in a more efficient use of natural resources.
- **Life Sciences** – the study of all living organisms and the use of technology to deliver commercially-viable products and services and those that directly support these activities along the entire commercial value chain.
- **Information and Communications Technology** – computing, broadcasting activities, telecommunications, and related professional and support services.

The following four (4) incentive programs are proposed for the Key Sectors:

Incentive	Description	Details
<b>1. Tax Increment Equivalent Grant (TIEG)</b>	Provides assistance in the form of annual grants to offset the change in property taxes related to reassessment resulting from the completion of development.	10 years of grants starting at 100% of the tax increment and declining by 7% annually (matches Council approved TIEG for Oxford under the Downtown Office CIP).
<b>2. Development Charge (DC) Deferrals</b>	Provides assistance in the form of deferring the payment of DCs to a future date.	5 year deferral that may be extended once for a total maximum deferral of 10 years.

Incentive	Description	Details
<b>3. Municipally Funded Parking</b>	Provides parking at reduced cost.	Dependent on capital funding and market interest.
<b>4. Municipal Property Acquisition and Disposal</b>	Makes City lands available at below fair market rates.	Dependent on capital funding and market interest.

The Region currently has a complementary Major Office Incentives (MOI) program, which matches City TIEGs for eligible major office developments. While this program is currently paused due to legislative changes, City staff continue to encourage the Region to offer incentives for office and other key uses.

### LOW CARBON

Incentives are proposed for businesses that develop and/or implement technologies or energy systems that decrease greenhouse gas (GHG) emissions compared to business as usual. Low-Carbon uses will support the sustainability goals of the Innovation District and advance the City's GHG reduction goals while attracting Key Sectors uses. These incentives are more flexible as each applicant is anticipated to have unique requirements and benefits.

The following four (4) incentive programs are proposed for Low-Carbon uses:

Incentive	Description	Details
<b>1. Tax Increment Equivalent Grant (TIEG)</b>	Provides assistance in the form of annual grants to offset the change in property taxes related to reassessment resulting from the completion of development.	TIEG structure and value to be evaluated on a case by case basis by staff and approved by Council.
<b>2. Development Charge (DC) Deferrals</b>	Provides assistance in the form of deferring the payment of DCs to a future date.	Maximum deferral period and any extensions to be approved by Council. Option for Council to forgive a portion of the DC, subject to conditions.
<b>3. Municipal Property Acquisition and Disposal</b>	Makes City lands available at below fair market rates.	Dependent on capital funding and market interest.
<b>4. Capital Loan</b>	Provision of a low or no interest loan to support Low-Carbon uses start up costs.	Dependent on capital funding and market interest. Option for Council to forgive a portion of the loan, subject to conditions.

## **IMPLEMENTATION**

The CIP is proposed to be in effect for an initial term of seven (7) years, during which applications may be received. Individual incentives may extend beyond this term. The term of the CIP may be extended through a CIP amendment and/or repealed at time by Council.

All CIP applications will be subject to eligibility criteria to ensure that the issuance of incentives supports the achievement of the CIP's goals. Incentives will only be issued once they have been secured through an executed Financial Incentives Agreement, which will outline the terms and conditions of any incentives, and is subject to Council approval.

Monitoring of the CIP will be conducted to provide the basis for decisions regarding program design and funding. Reports will be presented to Council on a biannual basis, at a minimum.

## **Strategic Plan**

The Lakeview Innovation District provides a unique opportunity to advance the Prosper visionary action: *We will create a model sustainable community on the waterfront.*

## **Engagement and Consultation**

In the winter and spring of 2023, staff engaged stakeholders through stakeholder meetings, an engagement website where questions could be asked, ideas could be shared, and surveys could be completed. The engagement revealed that there was general support for the proposed incentives and targeted uses.

## **Financial Impact**

A CIP is intended to stimulate desired development that will not occur "but for" the provision of incentives. The overall extent of the financial impact will be determined by the financial tools utilized and participation in the CIP by the private sector.

Contributing to TIEGs result in a deferral of increased property taxes for the property owner on development that might not otherwise occur. A TIEG provides a grant for the differences between the pre-development taxes and the post-development taxes for a property for a given amount of years. The City would benefit from the development through economic benefits created by the development.

The change in assessment value will generate supplementary tax revenue in the year that the new development is assessed by the Municipal Property Assessment Corporation (MPAC). Once the post-development assessment change is incorporated into the City's assessment base, the property will incur a larger distribution of the City's total tax levy. In the year that the revised assessment value is added to the City's assessment base it will generate growth for the tax levy.

The value of the TIEG over the ten years will be lost revenue for the City and create a budget pressure relative to the increased need for services for the new development. The 10-year TIEG would provide 100% of the incremental increase in taxes in the first year and decline to 37% in the 10th year. The cost of the grant is estimated at the time of application based on an estimated post-development assessment value, the actual grant would be based on the actual assessment change as determined by MPAC.

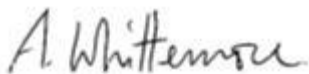
The annual tax levy is collected from the City's assessment base, if the grant is funded through the operating budget this cost will be collected as part of the annual tax levy. There is a moderate risk that the cost of the grant could be significantly higher than estimated depending on the final post development assessment value as determined by MPAC. There is also a minor risk that the uptake in the program could be greater than anticipated leading to a greater budget pressure. These risks can be mitigated by establishing a cap for the maximum grant available.

## Conclusion

A CIP would allow the City to grant incentives to identified sectors locating within the CIPA. A CIP would help advance the vision for the Innovation District and achieve the objectives of balancing growth, creating a complete community, and supporting infrastructure investments. Proposals received under the program must meet the established criteria and align with the strategic objectives and priorities of the City.

## Attachments

Appendix 1: Lakeview Innovation District Community Improvement Plan



---

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

Prepared by: Melissa Slupik, Planner