ATTACHMENT 1

The Toronto Community Improvement Plan for Brownfield Remediation and Development of Prescribed Employment Uses

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The Toronto Community Improvement Plan for Brownfield Remediation and Development of Prescribed Employment Uses

1 PROJECT AREA & SUMMARY

1.1 Project Area

This Community Improvement Plan (CIP) applies throughout the City of Toronto, with the exception of the Waterfront and the South of Eastern Employment District, as shown in Map 1 and Map 2 attached hereto.

1.2 Summary

This CIP provides financial incentives to encourage brownfields remediation and the development of specific employment uses. Incentives may be available for up to 12 years when the two programs are combined. While both programs support employment uses, incentives for brownfields remediation will be available for a wider range of uses than those provided to specifically encourage development for employment uses.

2 AUTHORITY

2.1 Authority for CIP and Grants

Section 28 of the Planning Act authorizes municipalities to designate a Community Improvement Project Area (CIPA) where there is an official plan in effect that contains provisions relating to community improvement in the municipality. The Planning Act further authorizes Council to prepare a plan suitable for adoption as a Community Improvement Plan (CIP) for the CIPA.

The City of Toronto Official Plan (and the Official Plans for each of the former municipalities within the City of Toronto[1]) contain appropriate provisions related to Community Improvement as required in order to designate and prepare plans for Community Improvement Project Areas as envisioned in Section 28 of the Planning Act.

CIPA means "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".

The *Planning Act* authorizes municipalities to use a CIP to "make grants or loans to the registered owners, assessed owners, and tenants to pay for the whole or any part of the

[1] The new Official Plan for the City of Toronto is not yet in force for certain sites across the City because of appeals of the new Official Plan to the OMB. The former Official Plans still apply to these sites.

cost of rehabilitating such lands and buildings in conformity with the community improvement plan" (Section 28(7)).

The City of Toronto Official Plan provides that CIPAs will be identified for areas exhibiting:

- physical decline in local building stock;
- barriers to the improvement or redevelopment of vacant or underutilized land or buildings such as contaminated soil, fragmented ownership, or financial disincentive to private investment; or
- declining social, environmental and/or economic conditions.

Section 5.2.2 of the Official Plan states that "Community Improvement Project Areas will be designated by by-law, and CIPs will be prepared to promote the maintenance, rehabilitation, revitalization and/or conservation of selected lands, building and communities facing challenges of transition, deficiency or deterioration or for any other environmental, social or community economic development reason".

The Official Plan further provides that CIPs will be prepared to provide direction regarding the following:

- allocation of public funds, in the form of grants, loans or other finance instruments, for the physical rehabilitation or improvement of private land and/or buildings including rehabilitation of contaminated properties;
- other municipal actions, programs or investments for the purpose of stimulating production of affordable housing, strengthening neighbourhood stability, facilitating local physical or economic growth, improving social or environmental conditions, or promoting cultural development.

Further discussion of the Official Plan, the Provincial Policy Statement and the Growth Plan for the Greater Golden Horseshoe as the basis for this CIP is contained in Section 4.

2.2 Authority for Brownfield Assistance

Section 333 of the *City of Toronto Act, 2006* provides authority for the City to cancel all or a portion of municipal taxes, or to defer municipal taxes for contaminated properties within a CIPA where a CIP is in effect with policies contemplating tax assistance for remediation of contaminated properties. This section also states that the Province may provide for the cancellation or deferral of school taxes as further tax assistance for the purpose of remediation of contaminated properties.

3 BASIS

3.1 Background

Prior to the recession of the early 1990s non-residential construction was flourishing in the City and employment reached an all time high of about 1.35 million jobs[2]. Since this time, the development of employment uses has slowed considerably as has employment growth. In 2011 employment reached approximately 1.31 million jobs - still below the 1989 peak, despite an increase in population. In comparison, during this period other areas of the Greater Toronto Area experienced substantial employment growth and non-residential building construction.

Manufacturing in Toronto has fared even less well. Its employment has declined from over 186,000 jobs in 2001 to about 128,000 today, with the number of manufacturing establishments showing a similar long term decline[3].

In 2002 City Council adopted a new Official Plan which targets 1.835 million jobs by 2031. The Growth Plan for the Greater Golden Horseshoe also forecasts Toronto's employment to be 1.64 million in 2031[4]. The tools provided in this CIP will greatly assist the City to reach this anticipated employment growth. It will also advance other City and Provincial policy goals such as brownfields remediation and intensification.

3.2 Economic Development Focussed on Sectors

Since the early 1990's the City has focused on developing sector development strategies and activities designed to support their ongoing growth and international positioning using limited economic development tools. As global competition continues to escalate, the City must find new ways to ensure that our sectors continue to grow.

In 2011, City Council adopted the Toronto Prosperity Initiative[5], and one of its initiatives is "to encourage and support further development of strategic industry sectors with the goal of establishing world class clusters".

These sectors produce the goods and services that can be sold not only locally but to the world. Selling outside of the region brings in new wealth and long-term sustainable growth. Driving new wealth creation then fuels personal spending on locally focused activities such as, shopping, personal care and entertainment.

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[2] City of Toronto's Annual Employment Survey 2011.
[3] *ibid*
[4] These employment forecasts are based on the Census 'Place of Work' data, which count more jobs in the City than the Employment Survey.
[5] Toronto Prosperity Initiative http://www.toronto.ca/business_publications/pdf/path_for_growth.pdf

3.3 Challenges Facing the Development of Employment Uses in Toronto

The municipalities in the vicinity of Toronto have two primary competitive advantages over the City when attracting employment uses. The commercial and industrial tax rates in surrounding municipalities are generally lower than those in Toronto. Secondly, employment land in many areas of the GTA is abundant, and its development is easier and more profitable than the redevelopment of existing employment land in Toronto.

To address the first competitive disadvantage, in October of 2005 City Council adopted a program to reduce the commercial and industrial tax ratios from 3.72 and 4.09 times residential respectively in 2006 to 2.5 times residential in 2020. As of 2011 both commercial and industrial ratios are at 3.23 times residential.[6]

This CIP seeks to address the second competitive disadvantage relating to land supply and the cost of developing employment uses in Toronto. Notwithstanding the relatively limited amount of growth in recent years, the City continues to provide many of the attributes sought by employment users including a large diverse labour force, good linkages and a large local market. However, a lack of suitable sites and buildings has restricted the City from obtaining a larger share of the GTA's employment growth.

Unlike surrounding areas, Toronto has essentially no undeveloped land for employment uses. As a result, most long-term employment growth can only be achieved by increasing the stock of employment spaces through the redevelopment and more intensive use of existing land.

The development of residential uses in particular will often provide a land owner a larger financial benefit than the development of land for employment uses. As many employment uses, especially in the manufacturing sector, require one storey buildings, the development of a multi-story residential condominium on the same site is far more profitable in today's marketplace. Although recent legislative changes have made it more difficult for applicants to redesignate employment land, the speculative pressure continues to exist in many areas of the City.

Similarly, the stock of Toronto's buildings, particularly in the industrial sector, continues to age as very few new buildings are constructed. This is a concern as businesses that require modern space have few options in the City, unless they build new buildings.

The manner and form in which Toronto's employment land was originally developed has resulted in other challenges. First, many existing sites are contaminated making redevelopment more costly, and site remediation is often a condition for obtaining financing for redevelopment. Second, since Toronto's employment lands were developed the design requirements for space have changed. For example, today many uses require buildings with greater clear heights and spans than most buildings in the City can provide. In order to accommodate a full range of potential uses, new buildings need to be

[6] http://www.toronto.ca/legdocs/mmis/2011/bu/bgrd/backgroundfile-35174.pdf

built on sites that require remediation and/or redevelopment. This is in contrast to the situation elsewhere in the GTA where easy to develop greenfield sites are readily available. Finally, as many older properties are constrained, it can be costly to expand a building on site, if it is possible at all.

Most future employment growth will be in offices, and it will be important to support continued employment in industrial buildings. Pro formas completed as part of the City's *Long-Term Employment Land Strategy*[7] showed that in Toronto both office and industrial development is at a financial disadvantage compared to developments in surrounding municipalities. As a result, potential jobs go to places other than Toronto.

The *Long-Term Employment Land Strategy* concluded that financial incentives are required to make development in Toronto more competitive.

Other reasons for the reduced investment value of employment development in Toronto include:

- Higher operating costs
- More difficult to assemble sites
- Less market interest due to age and stature of adjacent buildings
- Higher land costs in some cases.

The redevelopment of existing industrial properties, in particular, is economically challenging. A key reason is that for the land component of a project there is often substantial price hurdle because of the upward pressure on values attributable to the speculative potential of alternative more valuable uses such as retail and residential. A second reason is that even where existing buildings are obsolete, the present value of revenue generated from the existing rents surpass the capital costs of redeveloping the property.

It should also be noted that uses in the City's key economic sectors such as aerospace, screen-based industries and food processing often require specialized space requirements that makes their development or expansion more difficult and costly.

[7] Hemson Consulting Ltd, 'Long term Employment Land Strategy, City of Toronto, Phase 2 Report', report prepared for the Toronto Economic Development Corporation in cooperation with the the City of Toronto Economic Development Office (January 2007)

4 OBJECTIVES OF THE COMMUNITY IMPROVEMENT PLAN

The primary objectives of this CIP are to encourage brownfields remediation and the development of certain employment uses in the City. It is expected the CIP will:

i. Help Toronto to reach the Official Plan's employment target and the employment forecast in the Growth Plan for the Greater Golden Horseshoe.

ii. Encourage the intensification of employment areas through expansion and new development. This is consistent with Provincial Policy Statement 2005 section 1.1.3.3 which states: "Planning authorities shall identify and promote opportunities for intensification and redevelopment where this can be accommodated taking into account existing building stock or areas, including brownfield sites, and the availability of suitable existing or planned infrastructure and public service facilities required to accommodate projected needs."

iii. "Promote economic development and competitiveness by:
   a) providing for an appropriate mix and range of employment (including industrial, commercial and institutional uses) to meet long-term needs;
   b) providing opportunities for a diversified economic base, including maintaining a range and choice of suitable sites for employment uses which support a wide range of economic activities and ancillary uses, and take into account the needs of existing and future businesses;
   c) planning for, protecting and preserving employment areas for current and future uses; and
   d) ensuring the necessary infrastructure is provided to support current and projected needs." (Provincial Policy Statement 2005, Section 1.3.1)

iv. Support the Toronto Prosperity Initiative's recommendation to evaluate the use of tax incentives to stimulate development. (Toronto Prosperity Initiative, Recommendation A.4)

v. Support the remediation of contaminated sites in preparation of their future use for employment uses.

vi. Support the vision of the Official Plan for a city with a strong and competitive economy with a vital downtown that creates and sustains well-paid, stable, safe and fulfilling employment opportunities for all Torontonians. (OP p1-2)

vii. Support the Official Plan's view of the City's future as one where diverse employment areas can adapt to changing economic trends and are poised to capture new business opportunities.(OP p1-3)

viii. Help enhance Employment Districts in order to ensure they are attractive and function well, through actions such as investing in key infrastructure, or facilitating investment through special tools, programs or partnerships, in order to:

a) revitalize *Employment Districts* which may be experiencing decline because of vacancies and closures, absence of key physical infrastructure, poor accessibility, or poor environmental conditions;
b) promote the distinctive character or specialized function of a *District* to attract firms within a particular targeted cluster of economic activity;
c) facilitate the development of vacant lands; and
d) create comfortable streets, parks and open spaces for workers and landscaped streetscapes to attract new business ventures.

(OP, Sec 2.2.4.2 b))

ix. Encourage "the establishment of key clusters of economic activity with significant value-added investment and employment." (OP, Sec 4.6.6 b)

x. Support the Official Plan's overall direction to protect employment land for employment uses.

xi. Promote development of key sectors.

xii. Improve the built form and physical character of underutilized spaces.

xiii. Improve air quality, energy efficiency and reduce water consumption by requiring development meet the minimum requirements of Toronto's Green Standard before being eligible for development grants.

5 MUNICIPAL TAX INCREMENT

The programs described herein will provide financial incentives utilizing all or a portion of the "Municipal Tax Increment", which, for the purpose of this plan shall be defined and calculated as follows:

Formula: Municipal Tax Increment = Destination Municipal CVA Taxes – Base Municipal CVA Taxes.

Base Municipal CVA Taxes means the amount calculated by multiplying the Current Value Assessment(s) applicable for the taxation year in which a Financial Incentive Agreement is signed for the Property upon which the Eligible Development is to be constructed, by the municipal tax rate(s) applicable for the Property, for that taxation year. The Base Municipal CVA Taxes shall be fixed in this manner for the purposes of determining the Municipal Tax Increment for the Eligible Development, subject to any adjustment arising from assessment appeals or changes to CVA made by the Municipal Property Assessment Corporation ("MPAC") through requests for reconsideration, equity changes or gross error, and shall remain unchanged for the duration of the term of the payment of Development Grants for the Eligible Development.

Destination Municipal CVA Taxes means the amount calculated by multiplying the CVA's directly attributable to the Eligible Development as reflected in the returned

assessment roll applicable to the first full taxation year following the completion and reassessment of the Eligible Development, by the municipal tax rate(s) applicable to the Property and the Eligible Development at that time. The Destination Municipal CVA Taxes shall remain fixed for the purposes of determining the Municipal Tax Increment for the Eligible Development subject to any adjustments to taxes arising from assessment appeals or changes to the Destination Municipal CVA made by MPAC through requests for reconsideration, equity changes or gross error, and shall remain unchanged for the duration of the term of the payment of Development Grants for the Eligible Development.

6 THE CIP PROGRAM

In order to achieve the objectives of this CIP, the City will offer the programs described in Sections 6.1 and 6.2, below.

6.1 Brownfields Remediation Tax Assistance

For the purpose of this CIP, Brownfield Remediation Tax Assistance is designed to provide tax assistance where environmental remediation is undertaken on brownfield sites in conjunction with development for employment uses, excluding retail development. The assistance will take the form of a cancellation of a portion of the Municipal Tax Increment payable following the remediation and development of the site. Brownfield Remediation Tax Assistance may be provided for up to 3 years or until all eligible remediation costs have been compensated through the program (whichever occurs first).

In addition to the cancellation of municipal taxes, some or all school taxes may also be cancelled, at the sole discretion of the Province. Full details of the program are set out in Appendix.

6.2 Development Grants

The Development Grant program is designed to provide assistance in the form of a series of annual grants to eligible owners who develop buildings and facilities for employment uses in targeted sectors. Targeted sectors are identified and defined in Appendix 2. Generally, they include:

- Biomedical
- Computer Systems Design and Services
- Creative Industries
- Financial Services
- Food and Beverage Wholesaling
- Information and Communications Technology and Services
- Manufacturing
- Scientific Research and Development
- Software Development

- Tourism

Development Grants will also be available for Convergence Centres for targeted sectors, Incubators for all sectors and Transformative Projects which can play a key role in supporting new businesses and initiatives in the targeted sectors.

Development Grants are funded from a portion of the Municipal Tax Increment. The grants are often referred to as Tax Increment Equivalent Grants (TIEGs). The total grant for a development may not exceed 60% of the cumulative Municipal Tax Increment over a 10-year period, except that in the case of development within Employment Districts and other designated Employment Areas as shown on Maps 2 and 13 – 23 of the City of Toronto Official Plan, as may be amended from time to time, the total grant may not exceed 70% of the Municipal Tax Increment over the 10-year period. All eligible development must conform to the zoning by-law and will require a building permit.

Developments qualifying for Brownfield Remediation Tax Assistance and Development Grants may be eligible for a maximum of 12 years combined assistance.

Full details of the program, including definition of the eligible uses, are set out in Appendix 2.

6.3 Focus Areas

Schedules may be added to this CIP to address specifically identified geographic areas within the City. These areas will be referred to as Focus Areas. Focus Area schedules will provide an explanation respecting the specific needs that have been identified for each Focus Area so as to warrant different policies than those applied City-wide. Unless otherwise indicated, the policies contained in the City-wide CIP will continue to apply in the Focus Areas in addition to the specific Focus Area policies.

6.4 Financial Incentives Agreement

As a condition of both programs described herein, owners shall enter into an agreement with the City, to be registered on title (hereinafter referred to as the "Financial Incentives Agreement"). The Financial Incentives Agreement will set out the terms and conditions of the Brownfields Remediation Tax Assistance and/or the Development Grant Program, as applicable. Terms and conditions of the Financial Incentives Agreement will compliment and may expand upon, but in no way will detract from the conditions set out herein.

7 CIP REVIEW

The CIP will be reviewed every four years following this CIP coming into full force and effect. Each review will be initiated by a staff report recommending the content and process for the review; and the review shall recommend whether the Brownfield

Remediation Tax Assistance and Development Grant programs should continue or be terminated.

8 REPEAL

In the event that this CIP, or any portion thereof, is repealed, any owner who has successfully applied to benefit from the programs offered by this CIP prior to the date of repeal, and has been found eligible to receive Brownfield Remediation Tax Assistance and/or Development Grants, will benefit from the program(s), as applicable, in accordance with this CIP, despite its whole or partial repeal.

APPENDIX 1: BROWNFIELDS REMEDIATION TAX ASSISTANCE

1 INTRODUCTION

This program is designed to provide assistance to brownfield properties where contamination has rendered the property vacant, under-utilized, unsafe, unproductive or abandoned. Properties will only qualify for assistance where brownfields remediation is undertaken in conjunction with development of employment uses, with certain exceptions, as detailed below. The financial assistance will be determined based on the Municipal Tax Increment following development for employment uses. Further, at its sole discretion, the Province may elect to provide tax assistance by cancelling all or a portion of the school portion of property taxes.

Owners are only eligible for Brownfields Remediation Tax Assistance where a Phase II Environmental Site Assessment has been conducted, and has identified contaminants exceeding acceptable Ministry of Environment standards that would prevent a Record of Site Condition being registered in the Environmental Site Registry, in accordance with subparagraph 4i of Section 168.4 of the Environmental Protection Act. There are a number of other eligibility requirements which are set out below.

In addition, the City must pass a by-law, pursuant to Section 333(2) of the City of Toronto Act, 2006 to authorize the tax assistance. By-laws will be brought forward as properties become eligible for assistance.

Property owners receiving the Brownfields Remediation Tax Assistance will be required to enter into a Financial Incentives Agreement with the City.

2 PROVINCIAL PARTICIPATION

In addition to the cancellation of a portion of municipal taxes, all or part of the school portion of property taxes may also be cancelled or deferred pursuant to the City of Toronto Act, 2006. For this to occur, the Minister of Finance must approve the Provincial participation, including the extent of tax assistance the Province will provide. The City must notify the Minister of Finance prior to the passage of any by-law pursuant to Section 333(2) of the City of Toronto Act, 2006, at which time the Minister may approve the by-law and also provide for the cancellation or deferral of school taxes proportionally. The matching education property tax assistance may be provided on a different schedule from the assistance provided by the City and may be subject to different conditions. The cancellation or deferral of school taxes, and any related conditions, is at the sole discretion of the Province.

3 CALCULATION AND DURATION

The Brownfields Remediation Tax Assistance will be provided in the form of a cancellation of all or a portion of the Municipal Tax Increment. The Brownfield

Remediation Tax Assistance will be available for a 'Development Period' which will commence upon reassessment following development and end on the earliest of:

(a) Either
   (i) two (2) years after the date that MPAC reassesses the property to reflect the fully improved value of the developed property; or
   (ii) three (3) years after the date that MPAC reassesses the property to reflect the fully improved value of the developed property, if the property is also receiving development grants described under Appendix 2 of this CIP; or

(b) the date that the tax assistance provided for the property equals the sum of,
   (i) the cost of any action taken to reduce the concentration of contaminants on, in or under the property to permit a record of site condition to be filed in the Environmental Site Registry under section 168.4 of the *Environmental Protection Act*, and
   (ii) the cost of complying with any certificate of property use issued under section 168.6 of the *Environmental Protection Act;*

Assistance in any year will be reduced by the amount of any rebate of municipal taxes paid to the property owner, including rebates to reflect vacancy, charitable status, heritage status etc.

Only the following costs will be eligible for Brownfields Remediation Tax Assistance:

- Environmental studies; i.e. a Phase II Environmental Site Assessment and/or a Phase III Environmental Site Assessment/Remedial Workplan;
- Environmental remediation;
- Environmental insurance premiums;
- Demolition or removal of debris relating to remediation;
- Cost of complying with a Certificate of Property Use.

For further clarity, Brownfields Remediation Tax Assistance will not exceed the Municipal Tax Increment in any given year. The property owner will be required to pay the property taxes as calculated from year to year in the Development Period less the amount to be cancelled in each year under this assistance program. The Municipal Tax Increment to be cancelled will not exceed the property owner's eligible remediation costs minus any other City or external grants that provide money for brownfield remediation.

Finally, Brownfields Remediation Tax Assistance will only be provided to offset remediation costs incurred after the Section 333(2) By-law has been enacted and for costs related to environmental testing incurred within the 12 months prior to the submission of an application for Brownfield Remediation Tax Assistance.

4 ELIGIBILITY

To qualify for Brownfields Remediation Tax Assistance the property must be developed for employment uses, excluding retail uses. Ancillary retail uses subordinate and directly

related to, and dependent upon, a principal employment use, building or structure will be considered eligible, including ground floor retail in an office building.

For the purpose of this Appendix a retail use is defined as lands, buildings or structures or parts thereof used, designed or intended for use for the primary purpose of the sale or rental of services, goods, foods, wares, merchandise, substances, articles or things to the public, and includes offices in connection with, related or ancillary to such retail uses, and includes, but is not limited to, the following:

a) Restaurants, fast food restaurants, banquet halls;
b) Night clubs;
c) Cinemas, movie houses and drive-in theatres;
d) Automotive fuel stations with or without service facilities, commercial parking structures, specialty automotive shops, automotive repairs, collision services, car or truck washes, and auto dealerships;
e) Regional shopping centres, community shopping centres and neighbourhood shopping centres, including more than two stores attached and under one ownership;
f) Department stores and discount stores;
g) Bank branches and similar financial institutions, including credit unions but excluding freestanding bank kiosks;
h) Warehouse clubs and retail warehouses, including commercial establishments which have as their principal use the sale of goods and merchandise to the public in a warehouse format;.
i) Personal service stores and establishments.

Concert halls and theatres are an eligible employment use for the purposes of this Appendix.

Should other ineligible uses be developed on the property, the owner will be required to pay the full property taxes for that portion that contains ineligible uses. For a property developed for a combination of eligible and ineligible uses, the portion attributable to the ineligible uses will be determined based on the gross floor area of the ineligible use.

5 OTHER CONDITIONS

To qualify for Brownfields Remediation Tax Assistance, the following criteria must be met:

i) The applicant must submit to the City:
   a) A Phase II Environmental Site Assessment confirming that the property does not meet the standards that would permit a Record of Site Condition to be filed with the Ministry of Environment.
   b) A brief description of the remediation proposed, including technologies to be used and the expected duration of remediation work.
   c) A statement of costs to be incurred in connection with the remediation, in a form satisfactory to the General Manager of Economic Development. This statement must summarize all remediation costs. Paid invoices must

be from a Qualified Person as defined in Ontario Regulation 153/04 of the *Environmental Protection Act* or an entity that is satisfactory to the City. The costs claimed may be subject to an independent audit at the City's request, to be conducted at the sole expense of the property owner.

d) A signed declaration respecting funding from other City or external sources.

e) Details of the proposed development.

ii) The property must not be in arrears with taxes or other fees and charges that may have been imposed by the City.

iii) The Owner must enter into a Financial Incentives Agreement with the City to be registered on title, pursuant to Section 28(7) and 28(11) of the *Planning Act*.

iv) The applicant must meet any further conditions as may be included in the By-law passed pursuant to Section 333(2) of the *City of Toronto Act, 2006*, if any.

6 PAYMENT

i) The City will provide Brownfield Remediation Tax Assistance in the form of a cancellation of a portion of property tax payments.

ii) Property owners will be required to pay Base Municipal CVA Taxes during the Development Period, as defined in this CIP.

iii) The amount of tax assistance to be provided will be adjusted in the event of reassessment as a result of an assessment appeal.

iv) In case of an assessment appeal, the City reserves the right to suspend the Brownfield Remediation Tax Assistance program pending final disposition of the appeal.

v) The timing or terms of any Provincial Brownfield Remediation Tax Assistance may not align with the timing of City assistance.

APPENDIX 2: DEVELOPMENT GRANTS (TIEGS)

1 INTRODUCTION

The Development Grants program is designed to provide assistance in the form of a series of annual grants to eligible owners who undertake development for specific employment uses. The grants are designed to stimulate building construction and expansion within key sectors of the economy. This development will help the City to meet the economic development and employment objectives set out in the Official Plan, Toronto's Prosperity Initiative and other policy documents.

The grants will be funded from a portion of the Municipal Tax Increment, by way of a tax increment equivalent grant (TIEG).

Prior to receiving the Development Grants, property owners must enter into a Financial Incentive Agreement with the City.

2 DEVELOPMENT

To be eligible for Development Grants properties must undergo development. Development is investment that results in the productive use of lands and/or buildings within the CIPA for the purpose of specified uses described below, and includes but is not limited to new building construction or improvements made for the purposes of establishing or maintaining a business enterprise, or the expansion of existing buildings to realize more effective utilization of the land's potential.

A separate program to assist with brownfield remediation is also available (see Sec 6.1, Brownfields Remediation Tax Assistance, and Appendix 1).

3 ELIGIBILITY CRITERIA

3.1 Definitions:

i). Biomedical: pharmaceutical, bio-technology product, or medical device manufacturing and/or scientific research and development related to the creation of products, processes and services designed to improve health. Does not include activities related to patient health care such as doctor's offices, clinics, diagnostic labs or hospitals.

ii). Broadcasting: radio, television and internet broadcasting undertaken within studios and associated facilities but not including Film Studio Complexes.

iii). Call Centre: an establishment primarily engaged in receiving and/or making telephone calls for others generally for the purpose of soliciting or providing information, product and service promotion, taking orders, and raising funds.

iv). Computer Systems Design and Services: provision of expertise in the planning and design of computer systems and of other technical computer-related services.

v). Convergence Centre: a facility that must demonstrate by way of a business plan that it:

- includes an intentional focus/mandate on cluster or sector development;
- provides programming for tenants focusing on business development, collaboration and networking;
- uses the majority of its space for companies within the specific cluster or sector;
- provides external stakeholder and/or public access to programming and/or space; and
- provides security of tenure for a cluster/sector development organization.

v). Corporate Headquarters: Office space that serves as the operational and administrative centre for a company and which must demonstrate the following characteristics:

- a declaration in corporate statements that it is a Global Headquarters, or Canadian Headquarters;
- represents the Command & Control Centre for corporate activities within a prescribed national or international geography;
- represents the Strategic Planning Centre for corporate activities within a prescribed national or international geography;
- represents the principal office location for the Chief Executive Officer and senior executive team;
- occupies a minimum floorspace of 10,000 m^2;
- maintains a minimum employment of 300 persons.

vi). Corporate Office: office space used by a single user or firm for corporate management and administration.

vii). Corporate Office Building: an Office Building with a GFA greater than 5,000 square metres, of which the greater of 2,500 square metres or 25% of the buildings GFA is used for a Corporate Office.

viii). Creative Industries: industries which have their origin in individual creativity, skill and talent and which have a potential for wealth and job creation through the generation and exploitation of intellectual property, including:

- Arts and Crafts;
- Broadcasting;
- Design;
- Film, Video and Photography;
- Music and the Visual and Performing Arts;
- Publishing;

- Software, Computer Games and Electronic Publishing.

ix). Downtown: the Downtown as shown on Map 6 of the City of Toronto Official Plan, as it may be amended from time to time

x). Film Studio Complex: premises used for producing motion pictures with a minimum GFA of 7,500 square metres; and in addition may include:
- uses accessory to the film studio(s),
- facilities and services for employees and users of the Film Studio Complex, and
- other uses associated with the operation of the film studio(s).

xi). Financial District: the Financial District as shown on Map 6 of the City of Toronto Official Plan, as it may be amended from time to time;

xii). Financial Services: services primarily engaged in financial transactions involving the creation, liquidation, or change in ownership of financial assets, or in facilitating financial transactions, including establishments providing for financial intermediation, risk pooling through underwriting annuities and insurance, and other specialized services that facilitate or support financial intermediation, insurance and employee benefit programs;

xiii). Food and Beverage Wholesale: premises used for the sale of food and beverages to retailers or other businesses, but not including the sale of food and beverages directly to the public. No retail operations or warehouse clubs will be eligible for incentives, even if ancillary to the main use.

xiv). Gross Floor Area (GFA): the total area of all wholly enclosed floors in a building, above and below grade, measured from the exterior of the main walls at the level of each floor, including stairwells and escalators; but excluding areas used by vehicles for purposes of parking or loading, or both.

xv). Incubator: a facility that must demonstrate by way of a business plan that it:
- has a mandate for entrepreneurship development and job creation;
- provides start-up companies with a combination of a business address and physical space dedicated to business incubation;
- offers regular start-up business and professional development training;
- provides comprehensive value-added programs and services that support entrepreneurial / small business growth including strategic partnerships and a service provider network.

xvi). Information Services and Data Processing: gathering, preparation, transformation, processing and dissemination of data, excluding call centre operations.

xvii). Manufacturing: fabricating, processing, assembling, packaging, producing or making goods or commodities, including ancillary repair, storage, wholesaling or office uses.

xviii). Office building: a building in which at least 80% of the GFA is used for offices.

xix). Performing Arts: the organization, promotion, operation and presentation of live theatre and music and other performing arts within theatres and other arts facilities.

xx). Retail use: lands, buildings or structures or parts thereof used, designed or intended for use for the primary purpose of the sale or rental of services, goods, foods, wares, merchandise, substances, articles or things to the public, and includes offices in connection with, related or ancillary to such retail uses, and includes, but is not limited to, the following:

a) Restaurants, fast food restaurants, banquet halls;
b) Night clubs;
c) Cinemas, movie houses and drive-in theatres;
d) Automotive fuel stations with or without service facilities, commercial parking structures, specialty automotive shops, automotive repairs, collision services, car or truck washes, and auto dealerships;
e) Regional shopping centres, community shopping centres and neighbourhood shopping centres, including more than two stores attached and under one ownership;
f) Department stores and discount stores;
g) Bank branches and similar financial institutions, including credit unions but excluding freestanding bank kiosks;
h) Warehouse clubs and retail warehouses, including commercial establishments which have as their principal use the sale of goods and merchandise to the public in a warehouse format;
i) Personal service stores and establishments.

Concert halls and theatres are not a retail use for the purposes of this Appendix.

xxi). Scientific Research and Development: the conduct of original investigation, undertaken on a systematic basis to gain new knowledge (research) and the application of research findings or other scientific knowledge for the creation of new or significantly improved products or processes (experimental development), including use of laboratory facilities used exclusively for these purposes.

xxii). Sites in Transit Corridors: sites on which a public entrance of a building containing an eligible use is within 800 metres walking distance of the entrance to a subway, GO Train or Light Rapid Transit (LRT) station (collectively a "Transit Station"). In cases where a transit corridor is planned, but not yet developed, a planned Transit Station for which a complete site plan control application has been submitted to the City Planning Division will be deemed to be a Transit Station for the purpose of this CIP.

xxiii). Software Development: designing, writing, modifying and testing software.

xxiv). Tourism Attraction: a facility or complex, excluding a stadium, an arena, or a Retail Use, that must demonstrate by way of a business plan:

- its long term financial viability without the need for ongoing municipal subsidy for its operations; and
- its need for financial incentives in order for its capital development to be viable; and either
- its potential to draw a minimum of 100,000 visitors annually and its potential to draw a minimum of 50,000 visitors from beyond 40 km; or
- its ability to support attracting incremental major events, conventions or meetings to Toronto and economic development priorities.

xxv). Transformative Project: a large development that must demonstrate the following attributes by way a business plan:

- a minimum investment of $250 million;
- a minimum of 75,000 square metres of new space that will be constructed and occupied within a 5 year time period;
- the creation of over 2,500 jobs;
- will occupy a minimum of 4 hectares;
- the ability to link the project to regional transit initiatives;
- the provision of amenities that will be accessible to the public;
- its ability to act as an anchor within its district and stimulate collateral new investment;
- the co-location of activities that will have a regional (GTA) impact creating new wealth in the community; and
- its need for financial incentives in order for the development to be economically viable.

3.2 Eligible Uses

3.2.1 Targeted Sectors

Development Grants will be available for buildings and facilities that are wholly occupied by one of the following sectors or uses, including ancillary offices, storage and repair (but excluding residential units) or for the GFA they occupy in multiple-tenant buildings and facilities:

- Biomedical;
- Call Centres;
- Computer Systems Design and Services;
- Convergence Centres for eligible uses as listed in this section;
- Corporate Headquarters, in the Downtown;
- Creative Industries;
- Film Studio Complexes;
- Food and Beverage Wholesaling;

- Incubators;
- Information Services and Data Processing;
- Manufacturing, provided the manufacturing operation occupies at least 35% of the GFA in a single use building or facility;
- Scientific Research and Development;
- Software Development;
- Tourism Attractions;
- Transformative Projects, subject to approval by City Council.

In order to receive development grants, eligible GFA in multiple-tenant buildings and facilities will be required to meet all other Development Grant program conditions, including the requirement that the development of the eligible uses has a total minimum value of $1,000,000 and adds at least 500 square metres of new eligible GFA.

3.2.2 Corporate Office Buildings

Development Grants will be available for a Corporate Office Building if the corporate office user is not located in the Financial District and is in one of the following sectors:

- Biomedical
- Creative Industries
- Computer Systems Design and Services
- Financial Services
- Food and Beverage Wholesaling
- Information Services and Data Processing
- Manufacturing
- Scientific Research and Development
- Software Development

3.2.3 Other Eligible Office Buildings

Development Grants will be available for any Office Building with a minimum GFA of 5000 square metres located on Sites in Transit Corridors, but not within the Financial District.

3.2.4 Ancillary Renewable and Green Energy

Buildings, facilities, structures or other devices for the production of renewable energy and the production of cogeneration energy will be eligible for Development Grants, provided that they are ancillary to, and developed in conjunction with, another eligible use, which must be the primary use on the site. Renewable energy means energy obtained from solar energy, wind energy or geo-energy, and cogeneration energy means thermal end electrical energy simultaneously produced from the same process.

3.2.5 Construction Value Limit

In cases where the construction value exceeds $150,000,000 (one hundred and fifty million dollars), an application for Development Grants will require City Council approval. Construction value will be estimated at the time of development grant application and confirmed upon application for building permit.

3.2.6 Ineligible Uses

If a proposed development is not an eligible use as prescribed herein, then it will be considered to be ineligible to receive a Development Grant.

Live/work units are not eligible, even in circumstances where the "work" component falls within an eligible sector/use category.

3.3 Relationship with Other Grants

The Development Grant for eligible floorspace may be adjusted to reflect the amount of financial assistance for its development received from other federal, provincial or municipal sources.

Nonetheless, buildings and developments that receive Brownfields Remediation Tax Assistance, Heritage Grants, energy efficiency grants and other environmental grants will be eligible for the full amount of the Development Grant.

4 GRANT CALCULATION

4.1 Development Grants

Annual Development Grant amounts are calculated each year as the following declining percentage of the equivalent of the Municipal Tax Increment:

Year	Grant (as % of tax increment)
1	100
2	91
3	82
4	73
5	64
6	56
7	47
8	38
9	29
10	20

For development within Employment Districts and other designated Employment Areas as shown on Maps 2 and 13 – 23 of the City of Toronto Official Plan, as may be amended from time to time, annual Development Grant amounts are calculated each year as the following declining percentage of the Municipal Tax Increment:

Year	Grant (as % of tax increment)
1	100
2	100
3	94
4	87
5	79
6	70
7	60
8	49
9	37
10	24

4.2 Developments Grants with Brownfields Tax Remediation Assistance

For properties that also receive Brownfields Remediation Tax Assistance, the Development Grant will not commence until either the fourth year following reassessment of the developed property, or the year in which Brownfields Remediation Tax Assistance ceases, whichever occurs first.

The following table sets out the possible options for the maximum amounts of Development Grants in conjunction with Brownfields Remediation Tax Assistance.

	Options											
	1		2		3		4		5		6	
Year	%TI	Grants	%TI	Grants	%TI	Grants	%TI	Grants	%TI	Grants	%TI	Grants
1	100	BRTA	100	BRTA	100	BRTA	100	BRTA	100	BRTA	100	BRTA &DG
2	100	BRTA	100	BRTA	100	BRTA	100	BRTA &DG	100	DG	100	DG
3	100	BRTA	100	BRTA &DG	100	DG	100	DG	91	DG	91	DG
4	91	DG	91	DG	91	DG	91	DG	82	DG	82	DG
5	82	DG	82	DG	82	DG	82	DG	73	DG	73	DG
6	73	DG	73	DG	73	DG	73	DG	64	DG	64	DG
7	64	DG	64	DG	64	DG	64	DG	56	DG	56	DG
8	56	DG	56	DG	56	DG	56	DG	47	DG	47	DG
9	47	DG	47	DG	47	DG	47	DG	38	DG	38	DG
10	38	DG	38	DG	38	DG	38	DG	29	DG	29	DG
11	29	DG	29	DG	29	DG	29	DG	20	DG	20	DG
12	20	DG	20	DG	20	DG	20	DG	0	None	0	None

Definitions:
%TI – Percent of the tax increment used for assistance; Grants – Financial incentive payable
BRTA - Brownfields Remediation Tax Assistance DG – Development Grants

For development within Employment Districts and other designated Employment Areas as shown on Maps 2 and 13 – 23 of the City of Toronto Official Plan, as may be amended from time to time, the following table sets out the possible options for the maximum amounts of Development Grants in conjunction with Brownfields Remediation Tax Assistance:

	Options											
	1		2		3		4		5		6	
Year	%TI	Grants	%TI	Grants	%TI	Grants	%TI	Grants	%TI	Grants	%TI	Grants
1	100	BRTA	100	BRTA	100	BRTA	100	BRTA	100	BRTA	100	BRTA &DG
2	100	BRTA	100	BRTA	100	BRTA	100	BRTA &DG	100	DG	100	DG
3	100	BRTA	100	BRTA &DG	100	DG	100	DG	100	DG	100	DG
4	100	DG	100	DG	100	DG	100	DG	94	DG	94	DG
5	94	DG	94	DG	94	DG	94	DG	87	DG	87	DG
6	87	DG	87	DG	87	DG	87	DG	79	DG	79	DG
7	79	DG	79	DG	79	DG	79	DG	70	DG	70	DG
8	70	DG	70	DG	70	DG	70	DG	60	DG	60	DG
9	60	DG	60	DG	60	DG	60	DG	49	DG	49	DG
10	49	DG	49	DG	49	DG	49	DG	37	DG	37	DG
11	37	DG	37	DG	37	DG	37	DG	24	DG	24	DG
12	24	DG	24	DG	24	DG	24	DG	0	None	0	None

If the Brownfields Remediation Tax Assistance lasts less than two full years, and both Brownfields Remediation Tax Assistance and the Development Grants are payable in the same year (Options 4 and 6 in the table above), then the Development Grant amount paid in that year will be subtracted from the Development Grant amounts payable at the end of the program, so that the total Development Grant does not exceed the total grant specified in the agreement.

4.3 Grant Limits

The total of Development Grants provided over the 10-year maximum term of the grant may not exceed the lesser of:

(a) 60 percent of the total cumulative Municipal Tax Increment associated with the development,

(b) 70 percent of the total cumulative Municipal Tax Increment associated with development occurring within Employment Districts and other designated Employment Areas as shown on maps 2 and 13 – 23 of the City of Toronto official Plan, as may be amended from time to time, or

(c) the total cost of the development, including:

- construction/retrofit/expansion costs as shown by the main building permit associated with the development;
- the costs of associated studies and surveys, development of plans and specifications, implementation and administration of the project

including staff and professional service costs for architectural, engineering, legal, financial, and planning services.

When Development Grants are provided in conjunction with Brownfields Remediation Tax assistance the total amount of assistance provided may not exceed the lesser of:

(a) 67% of the Municipal Tax Increment over the maximum 12 year period for which they are available,
(b) 77%, of the Municipal Tax Increment over the maximum 12 year period for which they are available where the development occurs within Employment Districts and other designated Employment Areas as shown on maps 2 and 13 – 23 of the City of Toronto official Plan, as may be amended from time to time, or
(c) the total eligible costs of remediation and development.

4.4 Adjustments

The proportion of the Municipal Tax Increment upon which the annual grant will be based will be the lesser of:

i). the proportion of gross floor area occupied by the eligible use(s) or user(s) in the first year in which the Development Grant is payable; or
ii). the proportion occupied by the eligible use(s) or user(s) for the year in which the grant is calculated.

Grant amounts will be adjusted to reflect:

- the amount of any rebate of municipal taxes paid to the property owner, including rebates to reflect vacancy, charitable status, heritage status, etc.
- any subsequent changes in the total municipal taxes payable in any year due to reductions resulting from assessment appeals. Where such tax changes occur after grant amounts have been paid, future year grant entitlements may be reduced accordingly. Any overpayment of grant amounts arising from subsequent assessment or tax reductions will be deemed to be a debt owing to the municipality.

4.5 Duration

Development Grants will only become payable after the property is first reassessed by MPAC to fully reflect the eligible development that is receiving the grant.

All grants will cease if during the grant period the building is converted to an ineligible use or if the building is demolished except to expand an eligible use. Grant amounts that would have been payable in the year in which the demolition occurs or the ineligible use commences will be adjusted on a pro-rated basis to reflect the date of the demolition or ineligible use.

4.6 Staged Development

In the case of a staged development, where one portion of a property is developed in advance of others, each portion of the property will be treated as a separate property. The first component of the Development Grants will be based on the Municipal Tax Increment arising from the increased assessment on the first portion of the development. As other portions of the property are developed, and which result in further assessment increases, the property owner may apply for additional Development Grants based on the additional Municipal Tax Increment, subject to the continued availability of the incentive program and the eligibility requirements and grant entitlements in place at that time.

4.7 Condominiums

If a development is condominiumized, each condominium unit will be treated as a stand-alone development and must be able to meet all eligibility requirements of this Plan, independent of other condominium units, with the following additional requirements:

- the condominium unit must comprise at least 5,000 m^2 of eligible GFA; and
- the condominium unit must have a construction value of at least $5,000,000.

5 OTHER CONDITIONS

i) Applications for grants must be made prior to the issuance of the first above grade building permit for the development.

ii) All proposed development must conform to all City by-laws, policies, and processes, and all improvements must be made pursuant to an approved building permit, and conform to the *Ontario Building Code* and applicable zoning requirements and development approvals.

iii) Development must conform to the Tier 1 requirements of the Toronto Green Standard. Details on the Green Development standard can be found at: http://www.toronto.ca/planning/environment/greendevelopment.htm

iv) The development must result in a minimum investment of $1,000,000 in building construction costs for eligible uses, as shown by the main building permit for the proposed development.

v) The development must increase the amount of GFA for Eligible Uses by at least 500 square metres.

vi) The applicant must be the owner of the property or have the owner's authorization to apply for the grant.

vii) The Owner must enter into an agreement with the City to be registered on title, pursuant to Section 28(7) and 28(11) of the *Planning Act*.

viii) The property must not be in arrears of property taxes or other fees and charges on the day the agreement is signed.

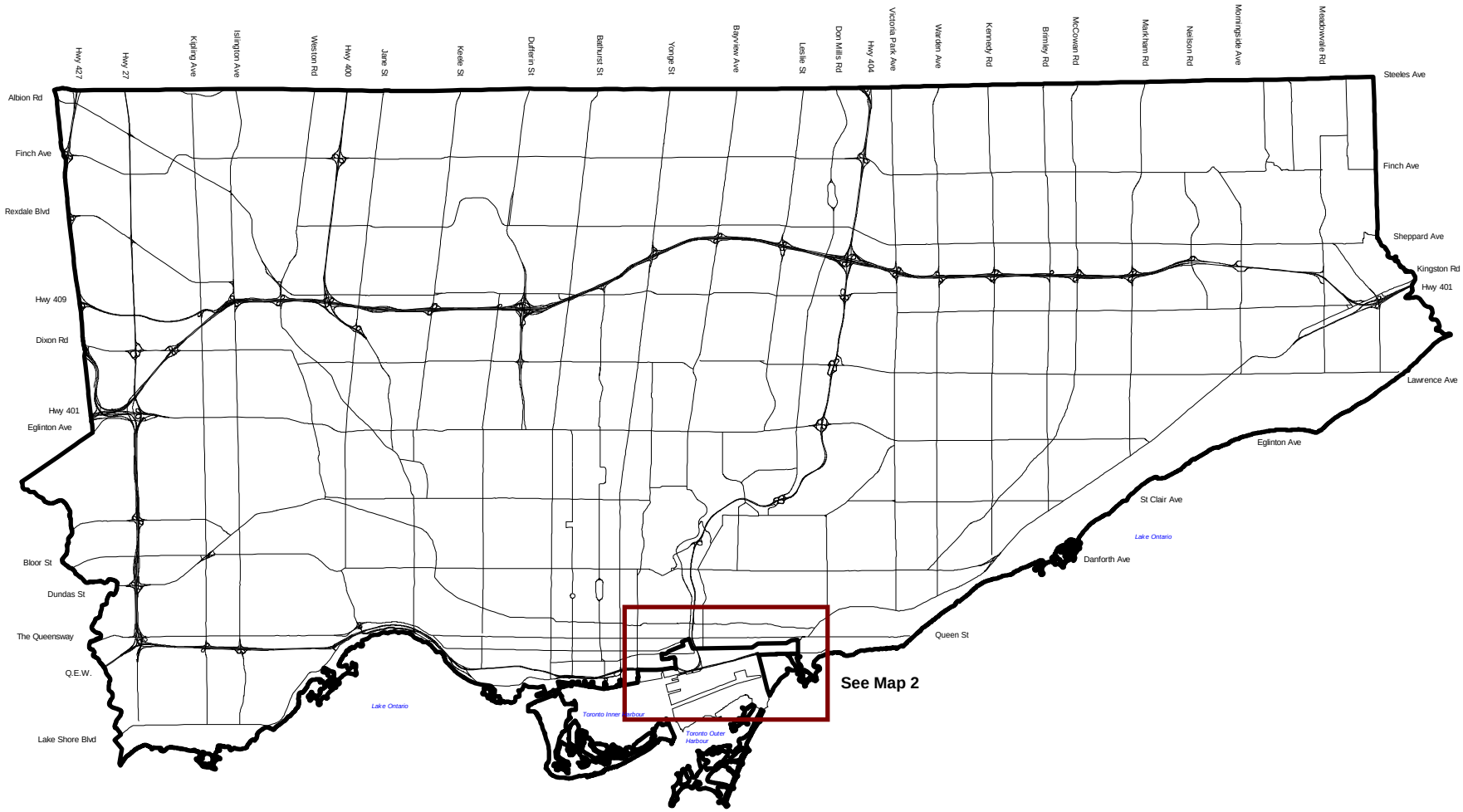
ix) Local Employment: The applicant or user of the property must agree to collaborate with the City to promote local employment. This will include a local employment plan that will identify opportunities for local hiring and/or training and document how the applicant or property user will utilize City endorsed or sponsored employment programs. It is expected that the employment plan will span the term of the incentive and that outcomes will be tracked and documented.

6 PAYMENT

i) Grants are paid once annually, in the last quarter of the year, provided that:
   a. there are no outstanding taxes, water rates, or other sums owed to the City with respect to the property;
   b. there are no outstanding work orders and/or orders or requests to comply from any municipal or provincial entity; and
   c. all other eligibility criteria and conditions are met.

ii) Grants will not be applied as tax credits against property tax accounts

iii) In case of an assessment appeal, the City reserves the right to withhold any forthcoming Development Grants pending final disposition of the appeal.



Not to Scale

TORONTO

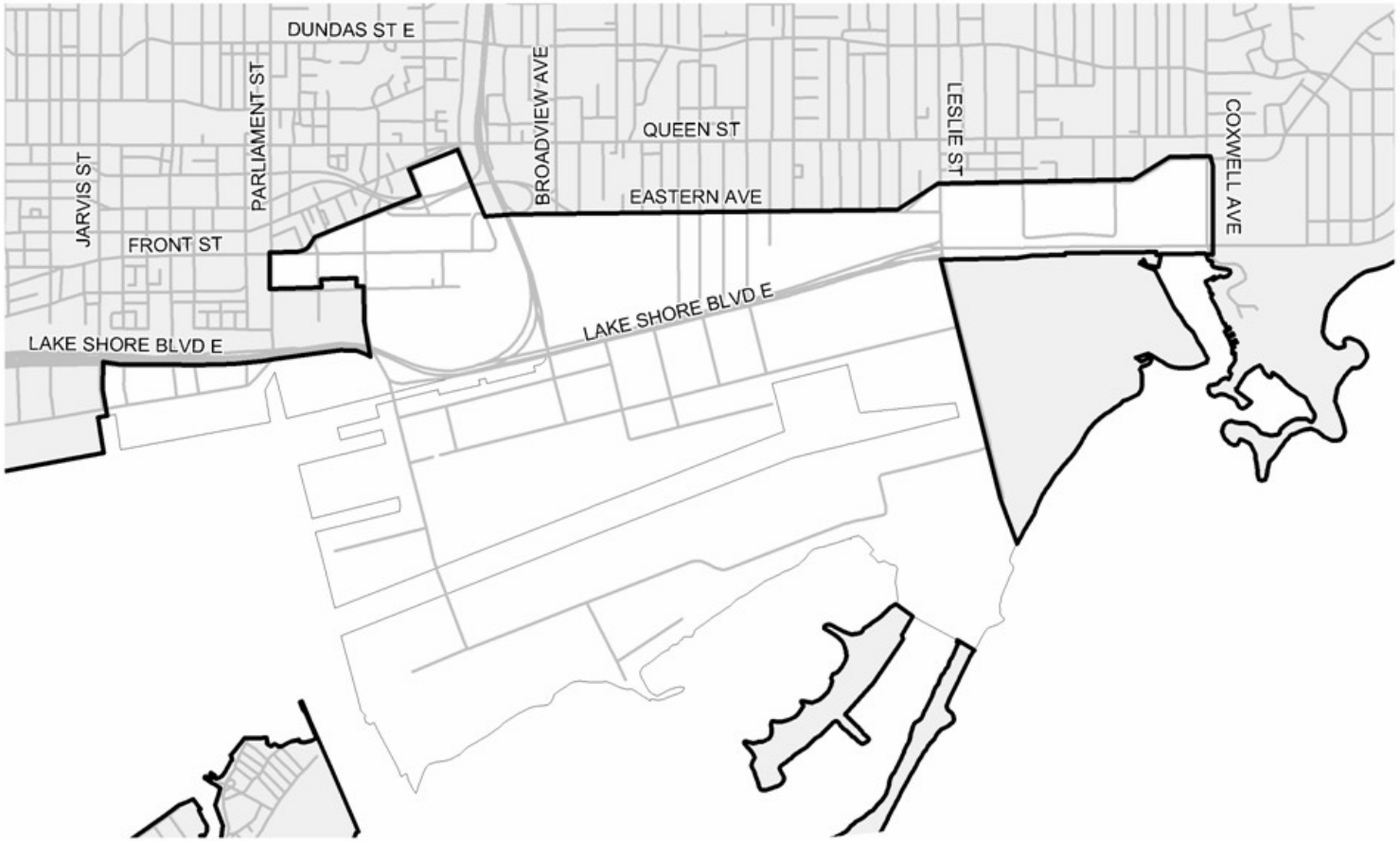
City Planning Division

Toronto Community Improvement Plan

Map 1

Toronto Community Improvement Plan Area

March 2008



TORONTO

City Planning Division

Toronto Community Improvement Plan

Map 2 - Plan Area Detail

Toronto Community Improvement Plan Area

March 2008