



REPORT FOR ACTION

Amendments to the IMIT Program By-laws to Increase Condominium Eligibility

Date: March 5, 2019

To: Planning and Housing Committee

From: Chief Planner and Executive Director, City Planning and General Manager, Economic Development and Culture

Wards: All

SUMMARY

This report brings forward proposals to amend the Community Improvement Plan By-laws (CIPs) that enable the Imagination Manufacturing Innovation Technology (IMIT) program by removing the size and construction value minimums for office and industrial condominiums.

In July 2018, City Council adopted a new City-wide IMIT CIP By-law (No. 1207-2018) which among other matters enabled office and industrial condominiums to receive Development Grants regardless of the gross floor area or construction value of units provided a third party facilitator is engaged by the applicant to assist in administration and monitoring. The July by-law was appealed to the Local Planning Appeal Tribunal (LPAT) and is awaiting adjudication. However these appeals do not relate to condominium eligibility which is the subject of this report.

Due to the appeal, the IMIT Program continues to be implemented by the three in force by-laws (City-Wide CIP, South of Eastern CIP, and Waterfront CIP) which require a minimum of 5,000 m² GFA and construction value of \$5,000,000 per condominium unit. To enable developments with commercial and industrial condominium units to be eligible to receive Development Grants, this report recommends that the currently in force by-laws be amended to be consistent with the condominium eligibility criteria contained within By-law No. 1207-2018.

RECOMMENDATIONS

The Chief Planner and Executive Director, City Planning and the General Manager, Economic Development and Culture recommend that:

1. City Council amend the City-Wide Community Improvement Plan (By-law No. 516-2008, as amended) in accordance with the proposed amendment in Attachment 1.
2. City Council amend the South of Eastern Community Improvement Plan (By-law No. 517-2008, as amended) in accordance with the proposed amendment in Attachment 2.
3. City Council amend the Waterfront Community Improvement Plan (By-law 518-2008, as amended) in accordance with the proposed amendment in Attachment 3.
4. City Council authorize the City Solicitor to introduce the necessary bills to implement the foregoing.

FINANCIAL IMPACT

The potential take up of the IMIT program, after including eligibility for condominium developments, is dependent on prevailing market conditions, demand for new space, interest rates and technological changes in the future. These are difficult to predict accurately and thus the overall financial impact of future tax increment grants for condominium developments is to be tracked on annual basis.

Currently, there is one project that originally applied and received approval as a tenant-based office building and have for some time sought IMIT approval under a condominium ownership model with many units below the minimum threshold. The value of the Development Grant for this project (130 Queens Quay East) is estimated at about \$12.4 million over 12 years, inclusive of Brownfield Remediation Tax Assistance of \$2.3 million.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

At its meeting on July 23, 24, 25, 26, 27 and 30, 2018, City Council adopted a new City-wide IMIT CIP By-law (No. 1207-2018) that will replace three existing CIP By-laws. 2018 PG31.5 - Community Improvement Plan to Implement Changes to the Imagination, Manufacturing, Innovation and Technology (IMIT) Program
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.PG31.5>

At its meeting on April 24, 25, 26 and 27, 2018, City Council directed staff to bring forward a new City-Wide CIP in order to implement a series of changes to the IMIT Program which included increased eligibility for office and industrial condominiums. 2018 EX30.6 - Review of the Imagination, Manufacturing, Innovation and Technology Property Tax Incentive Program
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.EX30.6>

At its meeting on September 21, 2015, Executive Committee directed staff to report to Planning and Growth Committee on potential amendments to the existing IMIT CIPs that address increasing eligibility for industrial and commercial condominiums in a way that efficiently manages staff resources to administer the program.

2015 EX8.40 - Review of the Imagination, Manufacturing, Innovation, Technology (IMIT) Financial Incentive Program - Condominium Eligibility

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.EX8.40>

At its October 2, 3 and 4, 2012 meeting, City Council adopted changes to the City-wide, Waterfront and South of Eastern Community Improvement Plans (CIPs) that enable the IMIT Program. As part of these changes, eligibility criteria for industrial and commercial condominiums were introduced.

<http://app.toronto.ca/tmmis/ViewAgendaItemHistory.do?item=2012.PG17.5>

COMMENTS

The IMIT Program

The City's IMIT Program, adopted by Council in 2008, is enabled by three CIPs (City-Wide, South of Eastern and Waterfront). The IMIT Program provides tax incentives to encourage the renovation or construction of buildings in targeted sectors and brownfield remediation for targeted non-retail employment uses by way of Development Grants or property tax cancellation. The Program supports the policy objectives of intensifying new development, encouraging the adaptive reuse of the existing building stock, and promoting the remediation of contaminated employment lands, regeneration areas and mixed use areas.

When the IMIT program was initiated in 2008, the implementing by-law did not explicitly address condominium units. During the four-year review of the program in 2012, amendments were introduced that rendered most condominium developments ineligible by requiring each unit to be at least 5,000 m² in size and have a minimum construction value of \$5,000,000. This restriction was introduced as providing grants to small condominiums was administratively onerous for the City.

Review of the Condominium Eligibility Criteria

As non-residential condominium developments have become more common, concerns have been raised that the condominium eligibility criteria may be inhibiting the expansion of new employment projects. In 2015, staff were directed to consider options to broaden eligibility for condominium developments while addressing administrative and staff resource issues.

A review by staff considered two options; a) additional staffing to manage smaller grants, and b) transferring the administrative obligation to the IMIT applicant. These options were incorporated within the 2016-2018 review of the IMIT Program undertaken by a consultant. The consultant's report recommended that condominium development applicants engage a third party facilitator to assist in administering the grants on an

annual basis. The facilitator would hold the grant amounts in trust and issue the annual cheques to participating unit owners. The issuance of grants to unit owners would be contingent on their full cooperation. In addition, IMIT condominium office and industrial applicants must meet all other eligibility requirements of the Program including a minimum size and construction value threshold for the overall development, Tier 1 Toronto Green Standard, and the creation of a local employment plan to provide opportunities to Toronto residents.

2018 IMIT By-law

In July 2018, Council adopted a new IMIT By-law that harmonized the three existing by-laws. Among other changes, this by-law removed the previous restrictions on the size and construction value of units. The by-law also specified that a third party facilitator must be engaged by the applicant to assist in the administration and tracking of development costs, and that all costs associated with this are the sole responsibility of the applicant. This overall by-law is under appeal. The appeals do not relate to the condominium provisions.

Proposal

The three existing by-laws (City-Wide CIP, South of Eastern CIP, and Waterfront CIP) remain in force pending resolution of the above noted appeal. To enable current IMIT applications containing commercial and industrial condominium units to receive Development Grants, it is proposed that the three in force by-laws be amended to remove the condominium eligibility size and construction value requirements. Applicants will be required to engage a third party facilitator to assist in administration and tracking of Development Grants.

Provincial Land-Use Policies

The CIPs which implement the IMIT Program are consistent with the Provincial Policy Statement (2014) (the "PPS") and The Growth Plan for the Greater Golden Horseshoe (2017) (the "Growth Plan").

The PPS provides policy direction province-wide on land use planning and development to promote strong communities, a strong economy, and a clean and healthy environment. The PPS includes specific policies that align with the IMIT Program, including those related to brownfield redevelopment (Section 1.1.3.3) and economic development and competitiveness (Section 1.3.1).

The Growth Plan for the Greater Golden Horseshoe (2017) (the "Growth Plan") provides a strategic framework for managing growth and environmental protection in the Greater Golden Horseshoe region, of which the City forms an integral part. The Growth Plan contains policies related to economic development and competitiveness that align with the IMIT Program, including ensuring the efficient use of existing employment areas (Section 2.2.5.1). Policies in this section also refer to attracting investment and employment by aligning land use planning and economic development objectives.

Provincial Plans are intended to be read in their entirety and relevant policies are to be applied to each situation. The policies of the Plans represent minimum standards. Council may go beyond these minimum standards to address matters of local importance, unless doing so would conflict with any policies of the Plans.

CONTACT

David Fitzpatrick, Project Manager, Strategic Initiatives, Policy & Analysis, City Planning, 416-392-9419, David.Fitzpatrick@toronto.ca

Rebecca A. Condon, Senior Business Development Officer, Economic Development & Culture, Business Growth Services, 416-392-0626, Rebecca.Condon@toronto.ca

SIGNATURE

Gregg Lintern, MCIP, RPP
Chief Planner and Executive Director
City Planning Division

Mike Williams,
General Manager
Economic Development and Culture Division

ATTACHMENTS

Attachment 1: Proposed Amendment to the City-wide Community Improvement Plan for Brownfield Remediation and Development of Prescribed Employment Uses

Attachment 2: Proposed Amendment to the South of Eastern Community Improvement Plan for Brownfield Remediation and Development of Prescribed Employment Uses

Attachment 3: Proposed Amendment to the Waterfront Community Improvement Plan for Brownfield Remediation and Development of Prescribed Employment Uses

Attachment 1: Proposed Amendment to the City-wide Community Improvement Plan for Brownfield Remediation and Development of Prescribed Employment Uses

Authority: Planning and Housing Committee Item No. PH. ____ , as adopted by City of Toronto Council on
Enacted by Council:

CITY OF TORONTO

Bill No.

BY-LAW No.

To amend By-law No. 516-2008, as amended, to provide increased eligibility for financial incentives to office and industrial condominiums

WHEREAS in accordance with the relevant provisions of the *Planning Act*, City of Toronto Council adopted a community improvement plan for certain specified areas of the City in By-law No. 516-2008 being the City-wide Community Improvement Plan for Brownfield Remediation and Development of Prescribed Employment Uses; and

WHEREAS section 28 of the *Planning Act* provides that the council of a municipality may amend a community improvement plan; and

WHEREAS the City of Toronto Council intends to amend By-law No. 516-2008 to provide increased eligibility for financial incentives to office and industrial condominiums; and

WHEREAS a public meeting has been held in accordance with the *Planning Act*;

The Council of the City of Toronto HEREBY ENACTS as follows:

- 1 Schedule "1" of By-law No. 516-2008 being the City-wide Community Improvement Plan for Brownfield Remediation and Development of Prescribed Employment Uses, is amended by:

(a) deleting Section 4.7 of Appendix 2 in its entirety and replacing it with:

"4.7 Condominiums

If a development is condominiumized, a third party facilitator must be engaged by the applicant to assist in administration and tracking of Development Grants. All costs associated with this third party facilitator are the sole responsibility of the applicant."

Attachment 2: Proposed Amendment to the South of Eastern Community Improvement Plan for Brownfield Remediation and Development of Prescribed Employment Uses

Authority: Planning and Housing Committee Item No. PH. __ , as adopted by City of Toronto Council on

Enacted by Council:

CITY OF TORONTO

Bill No.

BY-LAW No.

To amend By-law No. 517-2008, as amended, to provide increased eligibility for financial incentives to office and industrial condominiums

WHEREAS in accordance with the relevant provisions of the *Planning Act*, City of Toronto Council adopted a community improvement plan for certain specified areas of the City in By-law No. 517-2008 being the South of Eastern Community Improvement Plan for Brownfield Remediation and Development of Prescribed Employment Uses; and

WHEREAS section 28 of the *Planning Act* provides that the council of a municipality may amend a community improvement plan; and

WHEREAS the City of Toronto Council intends to amend By-law No. 517-2008 to provide increased eligibility for financial incentives to office and industrial condominiums; and

WHEREAS a public meeting has been held in accordance with the *Planning Act*;

The Council of the City of Toronto HEREBY ENACTS as follows:

- 1 Schedule "1" of By-law No. 517-2008 being the South of Eastern Community Improvement Plan for Brownfield Remediation and Development of Prescribed Employment Uses

(a) deleting Section 4.7 of Appendix 2 in its entirety and replacing it with:

"4.7 Condominiums

If a development is condominiumized, a third party facilitator must be engaged by the applicant to assist in administration and tracking of Development Grants. All costs associated with this third party facilitator are the sole responsibility of the applicant."

Attachment 3: Proposed Amendment to the Waterfront Community Improvement Plan for Brownfield Remediation and Development of Prescribed Employment Uses

Authority: Planning and Housing Committee Item No. PH. ____ , as adopted by City of Toronto Council on

Enacted by Council:

CITY OF TORONTO

Bill No.

BY-LAW No.

To amend By-law No. 518-2008, as amended, to provide increased eligibility for financial incentives to office and industrial condominiums

WHEREAS in accordance with the relevant provisions of the *Planning Act*, City of Toronto Council adopted a community improvement plan for certain specified areas of the City in By-law No. 518-2008 being the Waterfront Community Improvement Plan for Brownfield Remediation and Development of Prescribed Employment Uses; and

WHEREAS section 28 of the *Planning Act* provides that the council of a municipality may amend a community improvement plan; and

WHEREAS the City of Toronto Council intends to amend By-law No. 518-2008 to provide increased eligibility for financial incentives to office and industrial condominiums; and

WHEREAS a public meeting has been held in accordance with the *Planning Act*;

The Council of the City of Toronto HEREBY ENACTS as follows:

- 1 Schedule "1" of By-law No. 518-2008 being the Waterfront Community Improvement Plan for Brownfield Remediation and Development of Prescribed Employment Uses

(a) deleting Section 4.7 of Appendix 2 in its entirety and replacing it with:

"4.7 Condominiums

If a development is condominiumized, a third party facilitator must be engaged by the applicant to assist in administration and tracking of Development Grants. All costs associated with this third party facilitator are the sole responsibility of the applicant."