

# Unlocking Economic Development Potential using Municipal Incentives

**OEMC**  
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# Topics

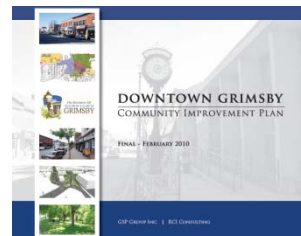
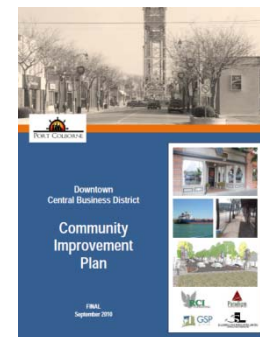
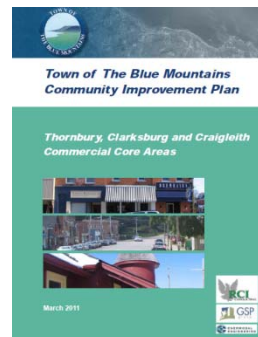
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- Introduction to Community Improvement Plans (CIPs)
- Municipal financial incentives
- Do incentives work? ROI?
- Marketing municipal incentives
- Lessons Learned

# Community Improvement Plan Experience

- ❖ RCI Consulting specializes in CIPs/municipal incentive programs – over 30 CIPs completed
- ❖ Numerous downtown/commercial area, brownfield, comprehensive and site-specific CIPs across Ontario for small to large municipalities, rural and urban

- Kingston
- Ottawa
- Selwyn Township
- London
- Grimsby
- Halton Hills
- Chatham-Kent
- Pelham
- Waterloo
- Port Colborne
- Welland
- Windsor



# What is a CIP?

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- *Municipal Act S. 106(1)* - “bonusing” rule.
- Exception from bonusing rule for Councils exercising authority under *S. 28 Planning Act and Section 365.1 Municipal Act*
- *Planning Act S. 28* - allows municipality to designate CI project area and adopt a CIP.
- CIP is a strategic planning and economic development tool designed to promote and direct certain types of development/ redevelopment in specific geographic areas of municipality.
- “Enabling” policy document that can produce significant physical and economic results
- Long-term strategy - not a “quick fix”.
- Should be monitored, and periodically reviewed and updated.

# What can a CIP do?

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- A CIP can be used to provide grants and loans for:
  - i. development, redevelopment, construction and reconstruction of land and buildings for rehabilitation purposes;
  - ii. environmental site assessment/ remediation;
  - iii. provision of energy efficient uses, buildings, structures, works, improvements or facilities.
- A CIP cannot be used to:
  - i. Provide grants and loans to attract a business to an area if that does not involve the development, redevelopment, construction or reconstruction of land and buildings;
  - ii. Provide grants and loans to businesses for operational expenses such as equipment, vehicles, salaries and wages.

# Types of CIPs?

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- Types of Municipal CIPs in Ontario:
  - Downtown/Commercial Area – upwards of 100 (or more)
  - Brownfields – 50+
  - Industrial/Employment Area – 10+
  - Comprehensive Multi-Purpose, Multi-Project Area – several
  - Site-specific - several
- Innovative CIP trends
  - CIPs that incorporate minimum urban design standards; sustainability and energy efficiency principles and criteria;
  - Tying availability and value of incentive to project performance;
  - CIPs specifically designed to promote industrial development, including development of vacant employment lands;
  - Targeting of certain sectors/uses

# Municipal Financial Incentives

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- A CIP may include a range of financial incentives (grants and loans) for:
  - Urban Design/Project Feasibility/Environmental Study
  - Façade Restoration and Improvement (including signage)
  - Building Renovation and Improvement
  - Heritage Restoration/Improvement
  - Residential Rehabilitation/Conversion/Intensification/ Infill
  - Development Charge Reduction/Exemption
  - Tax Increment Based Grants (TIG)
  - Landscaping/Parking Area Improvement
  - Planning and Building Permit Fees Grant/Waiver
- Some municipalities are also offering:
  - Reduced Parking/PIL Requirements
  - Reduced Parkland Dedication Requirements

# Municipal Financial Incentives

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- Urban Design Study Grant
  - Matching grant typically between \$1,000 and \$2,500
- Facade and Building Improvement Grant/Loan
  - Most use grants, some use loans, while some combine grant (façade) and loan (building).
  - Matching façade grant ranges from \$5K to \$15K + up to \$5K-\$15K for side/rear facades
  - Interest free loan for 50% to 70% of costs up to \$20K per building
- Residential Conversion/Intensification Grant/Loan
  - Some offer grants, some offer loans, while a few offer both
  - Grants typically between \$5K and \$15K per residential unit
  - Loans typically between \$10K and \$20K per residential unit



# Municipal Financial Incentives

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- Tax Increment Based Grant = Most
  - 5 to 10 year annual grant = to 70% to 100% of tax increase
- Development Charge Grant = Some-Most
  - Several offer DCs Grants for downtowns, brownfields, others use DC By-law to reduce DCs by 50% to 100% downtown/brownfields
- Planning and Building Permit Fee Grant = Most
  - Typically between 50% and 100% with some caps.

# Do Incentive Programs Work?

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- Niagara Region participates in funding municipal incentives through their Smarter Niagara Incentive Programs.
- 11 of 12 Local Municipalities have adopted 26 CIPs since 2004
  - 14 apply to Downtowns or other Commercial Areas;
  - 5 apply to Brownfields;
  - 5 apply to industrial/employment lands
  - 1 Multi-Area;
  - 1 Waterfront;
- Total of over 250 approved applications (2004-2013) for incentive programs has resulted in:
  - Approx. 40 residential conversion/infill projects with 1,250 residential units constructed;
  - 120 façade and building improvement projects;
  - 50 heritage restoration and improvement projects;
  - \$7.2 M in Local/Region funding into incentive programs has leveraged a total of \$73.1 M in total project construction (2004-2009).

# Do Incentive Programs Work?

## Beamsville



# Do Incentive Programs Work?

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## Niagara Falls



# Do Incentive Programs Work?

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## Thorold



## St. Catharines





# Do Incentive Programs Work?

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## Ontario Municipalities offering Incentive Programs for Brownfield Redevelopment

Type of Financial Incentive Program	Number of Municipalities	% of all Municipalities (52) with Brownfield CIPs
Tax Increment Grant	50	96%
Tax Assistance	40	77%
Environmental Study Grant	30	58%
Planning/Building Fees Grant	28	54%
Development Charge Reduction/Exemption	27	52%
Façade Grant/Loan	21	40%
Rehabilitation and Redevelopment Grant/Loan	2	4%

Source: Municipal Financial Incentives for Brownfield Redevelopment: Updated Chart on MMAH website, September 2012.

# Do Incentive Programs Work?

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- Hamilton ERASE Brownfields CIP (2001 – 2014)

Program	Number of Applications Approved	Amount Funded	Acres of Land Studied	Acres of Land Remediated & Redeveloped
ERASE Study Grant	98	\$850,000	306	na
ERASE Redevelopment Grant	30	\$17,100,000	na	179

- Total construction expenditures 2001–2014 = \$320 Million
- Approximately 500 new jobs created
- Approximately 310 new residential units constructed
- National recognition – 4 CUI Brownie Awards
- Continues to be a municipal best practices leader

# Do Incentive Programs Work?

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## Hamilton

### Bunge, Edible Oils Processing Facility.

- \$1.1M ERASE Redevelopment Grant for environmental site remediation, demolition and infrastructure upgrading
- 9 acre site – former City landfill and Sunoco oil tank farm
- Over 40 new jobs
- \$250,000+ per year in property taxes





# Do Incentive Programs Work?

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## Hamilton

### Beach Community Residential Development – Brownfield Partnership Project

- Partnership between City and developer to redevelop former gasoline/service station into 78 residential units
- Bioremediation chosen over dig and dump due to cost advantage and ideal soil type
- Numerous safeguards built into purchase and sale agreement
- AV on site increased from \$680,000 to approx. \$15,600,000
- Annual property taxes increased from \$16K to approx. \$230K.
- Spurred considerable additional new residential construction activity in area.

# Do Incentive Programs Work?

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## Hamilton

### Beach Community Residential Development – Brownfield Partnership Project



# Do Incentive Programs Work?

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- Industrial/Employment Area CIPs - key focus is on revitalizing, strengthening and diversifying the municipality's economy:
  - Niagara Gateway CIP
  - Windsor Economic Revitalization CIP
  - London Industrial CIP
  - City of Hamilton LEEDing the Way CIP
  - Port Colborne Industrial CIP
  - Sault Ste. Marie Industrial CIP
  - Toronto City-Wide CIP

# Do Incentive Programs Work?

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- Niagara Gateway Economic Zone and Centre CIP (2013)
  - Applies to all designated employment lands in five (5) municipalities (Fort Erie, Niagara Falls, Port Colborne, Thorold and Welland)
  - Tax Increment Grant (TIG) - Region and Local Municipalities partner to fund a 5/10 year TIG between 40% and 100% based on project's economic and environmental design performance
  - Regional DC Grant – 70% to 100% DC Grant available to “exceptional” projects approved for a TIG
  - Maximum DC Grant = \$1.5M

# Do Incentive Programs Work?

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## Welland

- Northern Gold Foods, Welland, ON.
  - B.C based manufacturer of breakfast and snack products.
  - First Gateway TIG application approved.
  - No Regional Industrial Development Charges = saved \$477K
  - Gateway TIG = \$2.2 Million Grant paid out over 10 years
  - 91,200 sq.ft. facility opening in Fall 2015
  - \$23 million investment (land, building and equipment)
  - 55 full-time jobs



# How to Market Municipal Incentives?

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- Municipal incentive programs can result in significant \$ savings in for all size projects.
- Market immediately after program launch using various methods (print, media, web, presentations, brochures, etc...)
- Market directly to businesses and property owners with assistance of BIAs, C of C, industrial associations, etc...)
- Don't forget about marketing to support professionals (real estate agents, engineers, planners, lawyers, accountants)
- Marketing materials should be professional and informative without being too complex.
- Market incentive programs as a “package” along with any other available programs (provincial and federal).
- Provide application assistance.

# Lessons Learned

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- Don't assume initial "buy-in" from Council and senior staff – work for it and build capacity through the CIP process.
- Conduct a proper community improvement needs analysis.
- Stakeholder and public input should be meaningful and targeted depending on the type of CIP being prepared
- Avoid "shotgun" approach to financial incentive programs.
- Develop fulsome program implementation materials (program guides, application forms, etc...) and make sure all key staff understand incentive programs administration process
- Market incentive programs aggressively from day one and continue to do so
- Monitor program uptake and effectiveness and report to Council
- Don't be afraid to adjust programs over time



# Contact Information

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