
Subject: Niagara Region Incentives Policy

Report to: Committee of the Whole

Report date: Thursday, August 5, 2021

Recommendations

1. That the Niagara Region Incentives Policy (Appendix 1 of Report PDS 31-2021) **BE APPROVED**; and
2. That Report PDS 31-2021 **BE CIRCULATED** to the Local Area Municipalities.

Key Facts

- The purpose of this report is to present a Niagara Region Incentives Policy which outlines Regional incentive programs aligned into the four Priority Areas identified by Council.
- In 2018, Regional Council endorsed the review of Regional incentive programs with the goals of having incentives align with Regional priorities and responsibilities, address current and future needs, provide meaningful and measurable results, and be sustainable, clear and accountable.
- In 2019, Council further directed staff to align Regional incentives into four priority areas: Affordable Housing, Employment, Brownfield Remediation, and Public Realm.
- The Regional incentive review has included both process and value-for-money audits of incentive programs; public, stakeholder and local municipal partner engagement; and research into comparator programs and best practices. An interdepartmental team of Regional staff has worked to align Regional incentives into the priority areas and provide recommendations for program and administrative improvements.
- The proposed Niagara Region Incentives Policy (Appendix 1) updates, aligns and consolidates the majority of Regional incentives in a single document, providing greater clarity, consistency and flexibility.

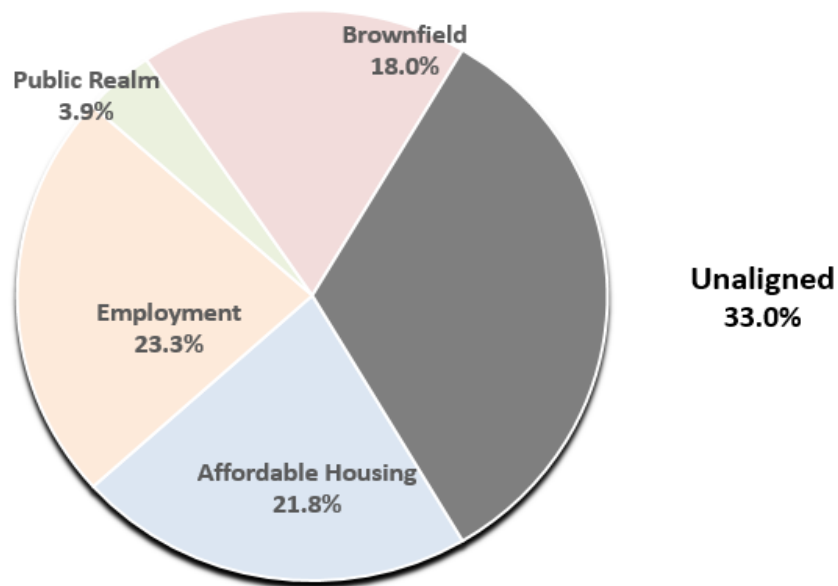
- If approved, it is recommended that the newly aligned incentive programs be implemented January 1, 2022, with the exception of incentive programs existing under the current Regional Development Charges Bylaw (98-2017), which will remain in effect until the expiration of that Bylaw on August 31, 2022.
- Additional improvements to incentive delivery include updating and expanding Regional incentive information online; instituting a one-window approach for applicants; improving collection of data and metrics; coordinating incentive reporting; and providing for regular incentive policy and procedure review.

Financial Considerations

Funding for Regional incentives will be addressed through the 2022 budget process. Though funding may be targeted differently, this review is not resulting in a request for an increase in total incentive funding levels in 2022. The 2022 budget will include a request to fund existing tax increment grant commitments through growth in alignment with the budget planning bylaw, and may require consideration of additional budget to address current Regional Development Charge (RDC) Bylaw grants including grants in 2017 brownfield transition agreements. A full leadership review of the staffing requirements to support grants and incentives is pending council endorsement of this report and a detailed review of individual program administration (occurring fall 2021). It is anticipated program support will be achieved through repurposing of existing roles and funding.

Incentives represent the largest discretionary item in the Niagara Region budget. As the KPMG Service Sustainability Review report notes, the other remaining discretionary programs in the Region's budget relate to community grants such hospital funding and Canada Summer Games, as well as Community Services grants and discretionary spending for social assistance grants and child care services. In 2021, Regional incentive spending was approximately \$14 million. The chart below illustrates Regional incentive spending in the 2021 budget.

Chart 1: Regional Incentive Spending by Priority Area in the 2021 Budget



Approximately 33% of current Regional incentive funding is not aligned in one of the four Priority Areas identified by Council. Furthermore, approximately one-third of the Region's incentive spending currently funds legacy commitments, such as tax increment grants and RDC grants. Spending for legacy commitments under existing programs is slated to increase in the next few years as grants which have Regional funding committed, particularly tax increment grants or grants provided under the RDC Bylaw expiring September 2022, are frequently not paid out until project completion several years after approval. The current suite of incentive programs are forecasted to create financial pressures in the coming years.

- Costs for Regional tax increment grant commitments will double 2019 levels over the next 5-7 years.
- There is an estimated \$17 million shortfall in the 2022 RDC grant budget as a result of legacy commitments through expiring programs and RDC transition agreements under the 2017 RDC by-law (see Appendix 3).

The recommendations of the incentive review would align Regional incentive spending into the four Priority Areas, ensuring investments drive the policy outcomes Council is trying to achieve. No increase in incentive spending is requested as a direct result of incentive program changes recommended in the attached policy; however, ongoing budget pressures relating to the current tax increment grant and RDC Bylaw commitments noted above will be addressed in the 2022 budget. It is important to note that there may be increasing budget pressures in future to sustain funding as some incentive programs have no caps, and fluctuate significantly in uptake year to year. Funding for incentive programs from provincial and federal governments may also vary considerably from year to year, which will continue to effect program budgets. It is requested that budget made available as legacy commitments expire be considered for reinvestment in the Priority Area programs and to support the costs of any program administration enhancements.

Future investment will be guided by program performance over time; key variables such as pandemic recovery, the housing market, and employment patterns; and provincial and federal funding opportunities.

Any additional funding for incentives would come through:

- Repurposing existing grant dollars, which has no incremental tax impact, enables alignment with Regional priorities but takes time to realize;
- Provincial or federal funding, which may minimize tax impact but is often unpredictable, reactive, unaligned with Regional priorities and time sensitive; and/or
- Increasing taxes, which makes funding available immediately and supports sustainable, targeted programs but has an impact on low income households and housing affordability.

Analysis

Catalysts, Goals and Direction of the Incentive Review

Times have changed, and Niagara has changed, significantly since the first Regional incentive programs began in 2002. The economic, social and growth climates are very different now, with the pandemic adding yet another layer of change. Incentive programs during this period have proliferated in number, variety and cost: Niagara Region now partners on over 150 different incentives programs. Regional incentives are the largest discretionary item in the Regional budget, amounting to \$14 million (3.5% of the tax levy) in 2021. Administrative and technological advances also mean

there are new ways to facilitate more efficient service and track program performance to better measure incentives' success.

In 2018 Regional Council endorsed a review of most incentive program delivered by Planning and Development Services, Corporate Services, and Economic Development. The goals of this review were to review current programs, and create Regional incentives that align with Regional priorities and responsibilities, address current and future needs, provide meaningful and measurable results, and ensure incentives are sustainable, clear and accountable. Further direction was provided by Council in 2019 when staff were directed to align Regional incentives into four Priority Areas: Affordable Housing, Employment in Key Sectors, Brownfield Remediation and Public Realm. Following this direction the review was expanded to include Regional incentives for affordable housing and related development charge incentives.

Key Review Components

(1) Audits and Research

In 2018 two audits of Regional incentives were undertaken: a process audit (Phase 1), which considered the efficiency and effectiveness of current incentive procedures, and a value-for-money audit (Phase 2), which evaluated performance, reviewed the working relationships between the Region and Local Municipalities, and benchmarked Regional incentive administration against similar municipalities. These audits produced interesting findings and identified the following opportunities for improvement:

Phase 1

- The Region has not developed an overall master agreement nor operating procedures/policies for the various grant and incentive programs
- Regional interests and priorities have not been sufficiently identified or communicated to support the evaluation and approval processes
- [There is] Inconsistent and insufficient post-award monitoring to validate application accuracy and measure overall program success

Phase 2

- The Region needs to consider program rationalization
- [There is a] Lack of master agreement or standard operating procedures

- [There are] Insufficient performance measures to report on program success and compliance
- The Region can provide greater value-added support to improve administrative efficiency and program success

The research and analysis included in the two audit reports has been supplemented by staff research and data analysis of incentive programs, and studies conducted by KPMG providing information on incentives in other municipalities and the performance and sustainability of Regional incentives. These data, coupled with input obtained through engagement, have shaped recommendations and Regional Incentive Policy.

(2) Engagement

Internal and external engagement has been conducted throughout the incentive review. Internally, Regional staff working with incentive programs were interviewed and program documents, data, processes and procedures were reviewed. There has also been communication and coordination with other Regional initiatives related to the identified Priority Areas, e.g., the Affordable Housing Steering Committee, the Regional Development Charge Task Force. In addition, several reports and presentations on incentives have come before Regional committees and Council since 2018, including most recently a Regional Council Information Session on incentives held July 22, 2021.

External engagement has included outreach to the public and program stakeholders, with a particular focus on Local Municipalities as the Region's largest incentive partners. These engagement milestones include:

2018: Interviews with each local municipality regarding incentive programs for the audits, and a written comment period following the second audit report

2019: Meeting with local municipal staff

2020: Meeting with local municipal staff and survey – programs and priority areas

2021: Public Webinar; Public (453 responses) and Stakeholder (73 responses) surveys; Meeting with local municipal staff; local municipal staff survey – proposed programs

Recommendations

Recommendations proposed through the Regional incentive review meet the goals of the incentive review, address the findings of the audits, and enhance incentive programs by:

- ✓ Communicating Regional priorities and aligning programs and policy with them
- ✓ Consolidating incentives into a single Niagara Region Incentives Policy to provide greater clarity around programs; flexibility to update policy and programs; consistency with other Regional policies and procedures; continuous improvement by ensuring regular program and policy review;
- ✓ Updating performance measures and maintaining databases and Council reporting tools to better measure and report program success;
- ✓ Improving customer service by instituting a one-window delivery system; and,
- ✓ Modernizing program information and processes by moving more incentive information and interaction online.

Information on the specific incentive programs recommended for each Priority Area is included in Appendix 2. Recommended programs meet Council's direction through:

- (1) Improving existing programs in the Priority Areas, e.g. the Affordable and Supportive Housing RDC Deferral (Affordable Housing), the Gateway Economic Zone and Centre Community Improvement Plan incentives (Employment), the Brownfield Tax Increment Grant program (Brownfield Remediation), and the Public Realm Improvement Program (Public Realm);
- (2) Targeting or repurposing existing programs to align with Council Priority Areas, e.g., the Non-profit RDC Grant, Residential Rental Grant and Small Building Rental Grant;
- (3) Updating programs to ensure their sustainability, e.g., the Employment RDC Grant and the Brownfield RDC Deferral; and,
- (4) Creating a program to ensure access by all Local Municipalities to Priority Area incentives, i.e. the Niagara Business Attraction Tax Increment Grant.

Implementation

If the Niagara Region Incentive Policy is approved, work will begin to implement aligned programs as of January 1, 2022. Exceptions to this implementation date are any RDC incentive programs currently included in the Regional Development Charge Bylaw (Bylaw 2017-98), which will expire on August 31, 2022. From January 1 – August 31,

2022, applicants will be able to apply under either the new Niagara Region Incentive Policy program or the existing RDC Bylaw program incentive program.

To support incentive partners and stakeholders, Regional staff will hold information sessions on the newly aligned Regional incentives (e.g., how they may coordinate with local programs, new processes and procedures) and consult with local municipalities on key program components to be updated for some incentive programs (e.g., employment incentives). Engagement for other initiatives such as the Regional Development Charge Bylaw will also continue in 2021-22 through the RDC Task Force.

Alternatives Reviewed

As this report provides recommendations requested by Council through the Regional incentive review no alternatives have been provided.

Relationship to Council Strategic Priorities

The recommendations in this report support the following 10 objectives in all four Council strategic priorities:

Priority 1: Supporting Businesses and Economic Growth

- Objective 1.1: Economic Growth and Development
- Objective 1.2: Support retention and development of skilled labour force
- Objective 1.3: Collaborative Approach to Business Growth and Retention
- Objective 1.4: Strategically Target Industry Sectors

Priority 2: Healthy and Vibrant Community

- Objective 2.1: Enhance Community Wellbeing
- Objective 2.3: Addressing Affordable Housing Needs

Priority 3: Responsible Growth and Infrastructure Planning

- Objective 3.2: Environmental sustainability and stewardship (14)

Priority 4: Sustainable and Engaging Government

- Objective 4.1: High quality, efficient and coordinated core services
- Objective 4.2: Enhanced Communication
- Objective 4.3: Fiscally Sustainable

Other Pertinent Reports

- PDS 42-2017 Overview of 2018 Incentive Review
- PDS-C 19-2018 ICOP Phase 1 Audit Report on Regional Incentive Review
- PDS-C 31-2018 ICOP Phase 2 Audit Report on Regional Incentive Review
- PDS-C 38-2018 Local Municipal Responses to Incentive Review Audit Report
- PDS 22-2019 Regional Incentives Financial Information
- PDS 34-2019 Grants and Incentives Review
- CSD 55-2020 Sustainability Review Final Report

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This report was prepared in consultation with the Regional Incentive Review team (Community Services: Donna Woiceshyn, Director, Niagara Housing Services, CEO of Niagara Regional Housing; Corporate Services: Todd Harrison, CPA, CMA, Commissioner of Corporate Services,/Treasurer; Helen Chamberlain, CPA, CA, Director, Financial Management and Planning/Deputy Treasurer; Robert Fleming, Senior Tax and Revenue Analyst; Lyndsey Ferrell, Program Financial Specialist; Economic Development: Valerie Kuhns, Associate Director; Ken Scholtens, Manager, Business Development and Expedited Services; Planning and Development Services: Doug Giles, BUS, MEP, Director, Community and Long-Term Planning; Marian Bannerman, Program Manager, Grants and Incentives), with input from Economic Development: George Spezza, Director; Planning and Development Services: Khaldoon Ahmad, Manager, Urban Design; Pat Busnello, Manager, Development Planning; Alex Tikky, Senior Planner.

Appendices

Appendix 1	Niagara Region Incentives Policy
Appendix 2	Realigned Niagara Region Incentive Programs
Appendix 3	RDCPT-C 7-2021 Development Charges Grant Expenditures under 2017 Regional Development Charges By-law

<i>Policy Category</i>	<i>Name of Policy</i>
Administrative	Niagara Region Incentives Policy

Policy Owner	Planning and Development Services, Community and Long Range Planning, Director of Community and Long Range Planning
Approval Body	Regional Council
Approval Date	August 26, 2021
Effective Date	January 1, 2022
Review by Date	Within five years of effective date

1. Policy

This policy identifies Regional incentive programs aligning per Council direction with the Council Priority Areas of Affordable Housing, Employment, Brownfield Remediation and Public Realm, and outlines general objectives and parameters for these programs.

1.1. This policy pertains to the programs listed in [Appendix A: Regional Incentive Programs](#).

1.2. Incentives are provided in these priority areas with the following goals:

1.2.1. To increase the amount of affordable housing in Niagara, particularly the supply of purpose-built rental housing, and to maintain existing affordable rental housing stock;

1.2.2. To attract and retain new businesses and full-time jobs to Niagara;

1.2.3. To encourage the remediation of contaminated sites for better environmental, economic, health and safety and urban planning outcomes; and

1.2.4. To improve the accessibility, sustainability and attractiveness of public spaces on Regional roads in core areas, and coordinate investment and workplans for major capital projects in the public realm.

1.3. Eligibility, application, approval, documentation, reporting, tracking, monitoring and payment requirements and practices for these Regional incentive programs will be outlined in the Procedures related to this policy.

1.4. Incentives will be provided subject to budgetary availability.

1.5. For Regional incentive programs requiring applications, only complete, correct and conforming applications will be considered.

1.6. Payment of grant incentives is contingent on compliance with all program requirements.

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1.7. Key incentive program data and performance indicators will be collected, reviewed and reported on to demonstrate program effectiveness and accountability.

1.8. Clear, consistent information on Regional incentive programs will be provided to program partners and stakeholders.

2. Purpose

The purpose of this policy is to align Regional incentive programs with the four priority areas of Affordable Housing, Employment, Brownfield Remediation, and Public Realm identified by Regional Council, and to consolidate them under one policy.

3. Scope

Where incentives in this policy relate to mandatory Development Charge incentives, the incentives will continue until changed in the Development Charge Act. Where incentives in this policy relate to discretionary Regional Development Charge incentives, the incentives of Development Charge Bylaw 2017-98 will continue until the expiry of the bylaw on August 31, 2022.

No duplication of the following incentives is permitted:

- Affordable and Supportive Housing Regional Development Charge Deferral in this policy and the discretionary Affordable Housing Regional Development Charge Deferral, Section 11(f) of Bylaw 2017-98
- Employment Regional Development Charge Grant in this policy and the discretionary Industrial Regional Development Charge Grant, Section 17(c) of Bylaw 2017-98
- Brownfield Regional Development Charge Deferral in this policy and the discretionary Brownfield Regional Development Charge Grant, Section 14 of Bylaw 2017-98
- Intensification Regional Development Charge Grant in this policy and Intensification Regional Development Charge Grant, Section 16 of Bylaw 2017-98
- 50% Industrial Expansion Regional Development Charge Grant in this policy and 50% Industrial Expansion Regional Development Charge Grant, Section 17 (a) and (b) of Bylaw 2017-98

3.1. Roles and Responsibilities

3.1.1 Regional Council

Approves, by resolution, the Regional Incentives Policy and any updates as necessary every five years.

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Approves budget allocation to fund Regional incentive programs.

Approves in-year and year-end funding requirements of budget variances related to Regional incentive programs.

3.1.2 Corporate Leadership Team

Approves the Procedures related to this policy and any updates as necessary.

Provides budget recommendations to Council with respect to funding Regional incentive programs.

3.1.3 Commissioner, Planning and Development Services or Designate

Reviews and updates the Regional Incentives Policy as necessary every five years and submits any necessary changes for Council approval.

Creates necessary guiding strategies, supporting frameworks and procedures as required to administer this policy which may be amended from time to time.

Monitors compliance and adherence to this policy.

Develops and maintains appropriate tracking of Regional incentive programs covered under this policy and in related policies, programs or legislation, and reports on them annually to Regional Council.

Carries out the above tasks in coordination with Regional Commissioners, Directors, other Regional staff involved in administering these Regional incentive programs.

Provides recommendations to the Corporate Leadership Team with respect to incentive program funding.

3.1.4 Commissioner, Corporate Services or Designate

Coordinates with Commissioner of Planning and Development Services or designate in administration, tracking and reporting of incentive policies and programs outlined in this policy and in related policies, programs or legislation.

Oversees Regional Development Charge Bylaw updates and recommends revisions as required to Regional Incentives Policy and relevant programs should the Development Charges Act be revised.

Provides recommendations to the Corporate Leadership Team with respect to incentive program funding.

3.1.5 Director, Economic Development or Designate

Coordinates with Commissioner of Planning and Development Services or designate in administration, tracking and reporting of incentive policies and programs outlined in this policy and in related policies, programs or legislation.

<i>Policy Category</i>	<i>Name of Policy</i>
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Provides recommendations to the Corporate Leadership Team with respect to incentive program funding.

3.1.6 Commissioner, Community Services or Designate

Coordinates with Commissioner of Planning and Development Services or designate in administration, tracking and reporting of incentive policies and programs outlined in this policy and in related policies, programs or legislation.

Provides recommendations to the Corporate Leadership Team with respect to incentive program funding.

3.1.7 Director, Housing Services/CEO, Niagara Regional Housing or Designate

Coordinates with Commissioner of Planning and Development Services or designate in administration, tracking and reporting of incentive policies and programs outlined in this policy and in related policies, programs or legislation.

Provides recommendations to the Corporate Leadership Team with respect to incentive program funding.

3.1.8 Director, Legal and Court Services or Designate

Ensures that all Regional incentive program agreements satisfy all legal requirements as outlined in appropriate legislation and appropriately mitigate legal exposure for Niagara Region.

4. References and Related Documents.

4.1. Legislation, By-Laws and/or Directives

- Planning Act, R.S.O. 1990, c. P.13
- Municipal Act, 2001, S.O. 2001, c. 25
- Development Charges Act, 1997, S.O. 1997
- Canada-Ontario Community Housing Initiative
- Ontario Priorities Housing Initiative
- ICP 97-2011
- ICP 33-2013
- ICP 118-2013
- PDS-C 3-2017
- By-law 2017-89
- By-law 2017-98
- CSD 34-2019
- COM-C 32-2020

<i>Policy Category</i>	<i>Name of Policy</i>
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4.2. Procedures

Procedures for programs outlined in this policy organized by each of the four Priority Areas will be forthcoming.

5. Related Policies

- Regional Development Charges Deferral Payment Policy

6. Appendices

- [Appendix A: Regional Incentive Programs](#)

7. Document Control

The electronic version of this document is recognized as the only valid version.

Approval History

Approver(s)	Approved Date	Effective Date
Council		

Revision History

Revision No.	Date	Summary of Change(s)	Changed by

<i>Policy Category</i>	<i>Name of Policy</i>
<i>Administrative</i>	<i>Niagara Region Incentives Policy</i>

Appendix A: Regional Incentive Programs

Program	Program Description	Grant Type
AFFORDABLE HOUSING		
Partnership Housing Program	Partnerships with for- and non-profits to generate more purpose-built rental and move clients off the housing waitlist by using a suite of Regional incentives customized by project	Suite of Incentives (e.g., TIGs, DC grants and deferrals) for Affordable Housing Capital Development
Affordable and Supportive Housing RDC Deferral	A deferral of Regional DCs for affordable or supportive housing units in projects having an agreement with a Regional department or agency for as long as the units remain affordable	Regional Development Charge Deferral
Non-Profit RDC-based Grant	A grant for up to 100% of DCs payable for eligible non-profit developments	Regional Development Charge Grant
Intensification RDC Grant	A grant providing DC relief to secondary suites created within or on the property of residential dwellings as required in the DC Act and until no longer mandatory in the Act.	Regional Development Charge Grant
Residential Rental Grant	A grant for the creation of secondary suites within or on the property of a residence which remain at affordable rental levels for at least 10 years	Regional Project Grant
Small Building Rental Grant	A grant for the construction of up to five units, up to \$15k/unit, provided units remain at affordable rental levels for at least 10 years	Regional Project Grant

<i>Policy Category</i>	<i>Name of Policy</i>
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NRH Welcome Home Niagara Home Ownership Program	A forgivable loan for downpayment assistance of 5% to a maximum of \$20,296 (purchase price not to exceed \$405,930), as amended from time to time, for renters at specific income levels purchasing a home	Forgivable Loan
NRH Niagara Renovates Homeownership	Forgivable loan over 10 years for repairs and accessibility modifications for low and moderate income households	Forgivable Loan
NRH Niagara Renovates Multi-residential	Forgivable loan over 15 years to fund repairs or provide accessibility for affordable units in multi-unit buildings	Forgivable Loan
NRH Non-Profit and Co-op Capital Repair Costs	Funding for capital repairs to non-profit and co-op housing providers having agreements with NRH	Forgivable Loan
NRH Housing Provider Capital Loan Program	Emergency loan program, with 25% forgivable over time, to support repairs to non-profit and co-op affordable housing providers having agreements with NRH	Loan and Grant
EMPLOYMENT		
Gateway CIP Tax Increment Grant	A matching tax increment grant for projects in the Gateway CIP area with eligible scores on economic and environmental criteria which result in increased assessment value	Tax Increment Grant (Local and Regional Gateway CIP)
Gateway CIP Regional DC Grant	A matching grant of Regional DCs payable for projects with exceptional scores (14+) on Gateway CIP criteria	Regional DC Grant (Local and Regional Gateway CIP)

<i>Policy Category</i>	<i>Name of Policy</i>
<i>Administrative</i>	<i>Niagara Region Incentives Policy</i>

Niagara Employment Partnership TIG	A matching tax increment grant for projects approved under local CIPs with eligible scores on economic and environmental criteria resulting in increased assessment value	Tax Increment Grant (Local CIP)
Employment Regional DC-based Grant	A grant equal to a percentage of Regional DCs payable based on creation of full time jobs in manufacturing and professional, scientific and technical services sectors	Regional Development Charge Grant
50% Industrial Expansion RDC Grant	A grant equal to Regional DCs for enlargements to existing industrial buildings for up to 50% of original gross floor area as required in the DC Act and until no longer mandatory in the Act.	Regional Development Charge Grant
BROWNFIELD REMEDIATION		
Brownfield TIG Tier 1: Select Sites	A matching tax increment grant for remediation costs on major brownfield sites whose remediation will result in significant economic, environmental, social, and health benefits; increased benefit for projects with affordable housing	Tax Increment Grant (Local CIP)
Brownfield TIG Tier 2	A matching tax increment grant (for remediation costs of brownfield sites eligible through local CIPs; increased benefit for projects with affordable housing	Tax Increment Grant (Local CIP)
Brownfield Regional DC Deferral	A deferral of Regional DCs for eligible brownfield sites until an occupancy permit is issued or up to five years from signing of agreement	Regional Development Charge Deferral

<i>Policy Category</i>	<i>Name of Policy</i>
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PUBLIC REALM		
Public Realm Investment Program	Matching grant for capital projects that provide public realm enhancements on Regional roads in core areas	Regional Matching Grant to Local Area Municipality

Appendix 2: Aligned Regional Incentive Programs

Program	Regional Program minimums/maximums	Key Parameters	Key Performance Indicators
AFFORDABLE HOUSING			
<u>Partnership Housing Program</u> Suite of Incentives (e.g., grants, deferrals)	Determined on a case by case basis depending on funding/contributions available	Scoring criteria weighted to projects increasing purpose-built rental and creating affordable units for waitlist tenants at lower cost than Regional construction	Number of affordable units created Number of households removed from NRH waitlist Amount of incentive per unit
<u>Affordable and Supportive Housing</u> Regional Development Charge Deferral	Up to 100% of Regional DCs deferred for eligible units as long as they remain affordable	Some units which move households off wait list may have DCs granted after specified time period	Number of affordable units created Number of households removed from NRH waitlist Amount of incentive per unit
<u>Non-Profit Grant</u> Regional Development Charge Grant	Up to 100% of Regional DCs Annual budget (current \$150k)	Scoring criteria for projects based on alignment with Regional priorities	Number of affordable units created Number of households removed from NRH waitlist Amount of incentive per unit
<u>Intensification Grant</u> Regional Development Charge Grant	100% of Regional DCs granted for eligible projects	Includes interior and exterior secondary suites as defined by provincial DC Act	Number and type of units rental created (affordable, attainable)
<u>Residential Rental Grant</u> Regional Project Grant	Maximum \$40k/unit for up to two units Annual budget	Must remain affordable rental units for a minimum of 10 years	Number and type of units rental created (affordable, attainable)
<u>Small Building Rental Grant</u> Regional Project Grant	Maximum grant of \$15k/unit for up to five units Annual budget	Must remain affordable rental units for a minimum of 10 years	Number and type of units rental created (affordable, attainable)
<u>NRH Home Ownership Downpayment Assistance</u> Forgivable Loan	Up to 5% of down payment Provincial funding	Must meet age, renter household, income and asset requirements	Number of affordable units purchased Number of households removed from NRH waitlist Amount of incentive per unit

<u>NRH Niagara Renovates Homeownership</u> Forgivable Loan	Up to \$22k for eligible projects and up to \$5k in accessibility renovations Provincial funding	Must meet certain income and ownership requirements	Number of affordable units maintained through repair, accessible accommodation Amount of incentive per unit
<u>NRH Niagara Renovates Multi-residential</u> Forgivable Loan	Maximum \$10k/unit, maximum per building of \$25k-\$90k depending on number of units Provincial funding	Must have over two units, units must be at or below average market rent for 15 years	Number of affordable units maintained through repair, accessible accommodation Amount of incentive per unit
<u>NRH Non-Profit and Co-op Capital Repair Costs</u> Forgivable Loan	Federal/provincial funding Grant maximums dependent on funding	Must have agreements with Housing Services Ranked on criteria including urgency, ability to fund	Number of affordable units maintained Amount of incentive per unit
<u>NRH Housing Provider Capital Loan Program</u> Loan and Grant	Annual program budget Grant maximums dependent on funding	Must have agreements with Housing Services Must be non-profit or co-op Ranked on criteria including urgency, ability to fund	Number of affordable units maintained Amount of incentive per unit
EMPLOYMENT			
<u>Gateway CIP Tax Increment Grant</u> Local and Regional Gateway CIP matching grant	Maximum 100% TIG for 10 years in Strategic Locations for Investment (five years outside SLIs)	With Local Municipalities, align Smart Growth criteria with industrial development Review of Strategic Locations for Investment	Number of jobs created Amount of grant provided
<u>Gateway CIP Regional DC Grant</u> Local and Regional Gateway CIP matching grant	Maximum \$1.5M per project	Local DC matching grant required	Number of jobs created Amount of grant provided

<u>Niagara Business Attraction Tax Increment Grant</u> Local CIP matching grant	Maximum of 75% of Gateway TIG calculation for five years	Project must be approved by LAM under a CIP	Number of jobs created Number of Local Municipal matching programs
<u>Regional Employment Grant</u> Regional Development Charge Grant	1-10 full time positions created = 50% of RDCs 11-20 full time positions created = 75% of RDCs 21+ full time positions created = 100% of RDCs	Eligible employment sectors are Manufacturing (NAICS 31-33) and Professional, Scientific and Technical Services (NAICS 54, with some exceptions)	Number of jobs created Employment sectors of new jobs
<u>50% Industrial Expansion Grant</u> Regional Development Charge Grant	100% of DCs on maximum of 50% of gross floor area prior to first enlargement	See maximum and minimums	Number of jobs created Square feet added
BROWNFIELD			
<u>Brownfield Tax Increment Grant Tier 1: Select Sites</u> (Local CIP)	80% or 100% with affordable housing 10 Years - fixed calculation Annual grant no greater than \$10M Minimum \$5M in remediation costs	For remediation costs only Eligible sites identified in collaboration with local municipalities Project must be approved by LAM under a CIP	Acres remediated in urban area Affordable housing units created Number of jobs created Increase in assessment value
<u>Brownfield Tax Increment Grant Tier 2</u> (Local CIP)	60% or 80% with affordable housing 10 Years - Fixed calculation Annual grant no greater than \$1M Minimum \$250k in remediation costs	For remediation costs only Project must be approved by LAM under a CIP	Acres remediated in urban area Affordable housing units created Number of jobs created Increase in assessment value
<u>Brownfield RDC Deferral</u> Regional Development Charge Deferral	100% of RDCs may be deferred until occupancy permit issued or five years from signing of agreement, whichever is first	May stack with BTIG	Acres remediated in urban area Affordable housing units created Number of jobs created Increase in assessment value

PUBLIC REALM			
<u>Public Realm Investment Program</u> Regional Matching Grant	\$25,000 minimum to \$150,000 maximum per grant Annual program budget (current \$350K)	Within or directly adjacent to a Regional Road right-of-way and areas of significant Regional investment in urban and core areas	Kms of roads/trails created or improved Number of trees planted Accessibility components installed Amount of place-making features and public art installed

MEMORANDUM

RDCPTF-C 7-2021

Subject: Development Charges Grant Expenditures under 2017 Regional Development Charges By-law

Date: July 29, 2021

To: Regional Development Charge Policy Task Force

From: Rob Fleming, Senior Tax & Revenue Analyst

The intent of this memo is to provide the task force with context regarding Regional development charge (DC) grants that are currently contained within the 2017 DC By-law. Included as Appendix 1 to this memo is a summary of DC grants provided each full year since the By-law's inception in 2017 forecasted out to year-end 2021. The 2018 to 2020 values represent actuals for that year while 2021 represents a forecast to year-end based on current trends.

As can be noted in the Appendix, DC grants represents a significant component of the annual DC collections and the Region's annual general tax levy. The DC Act specifies that DC collection deficits as a result of DC grants cannot be made up from future DC collections therefore the Region funds the DC grants from the annual tax levy in order to keep the DC reserves whole. As such, a percentage calculation has also been provided in the Appendix which compares the annual grants for the year to that year's annual general tax levy amount. Year 2018 represents the most significant grant year for the Region which resulted in \$13M in DC grant awards based on the provisions of the 2017 DC By-law. This \$13M represented nearly 30% of total DC collections and nearly 4% of the Region's general tax levy for the year.

On July 22, 2021, Region staff held a workshop with Regional Council to provide an overview of the Regional Incentive Review Team's recommendations on future incentive programs which included programs related to DCs. The Team's recommendations were based on the Council approved Incentive Pillars of: brownfield redevelopment, employment in key sectors, affordable housing and public realm. As can be noted in the Appendix, many of the Region current discretionary DC grant programs are not directly tied to the Council approved Incentive Pillars which is the primary reason for Incentive Review recommending that many of the current

discretionary grants not continue beyond the current DC By-law. In 2018, for example, 73% of the \$13M in awarded grants did not relate to an approved incentive pillar. The focus will be to create discretionary DC grant programs which are aligned with the previously established incentive pillars and that are outside of a DC By-law in separate policies in order to ensure that these future programs can be adaptable, flexible and more successful in advancing Council objectives.

Respectfully submitted and signed by

Rob Fleming, MBA
Senior Tax & Revenue Analyst

Appendix 1 - Regional Development Charge Grant Awarded under 2017 RDC By-law

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Grant Program*	2018	2019	2020	2021 Forecast**
Phase-In Grant (D)	3,704	2,672	0	0
Brownfield (D)	324	1,766	0	63
Smart Growth (D)	366	23	174	137
Long-Term Care (D)	0	410	0	0
Affordable Housing (D)	1,142	0	706	0
Parking Garage (D)	0	0	188	0
Agricultural (D)	5,381	179	0	0
Place of Worship (D)	0	384	0	0
Non-Profit (D)	144	150	150	150
Industrial & Gateway (D)	1,054	782	317	1,163
Hotels/Motels (D)	275	1,582	7	3
Other (D)	42	169	102	0
50% Industrial Expansion (M)	486	218	279	0
Residential Intensification (M)	93	39	0	0
Board of Education	36	0	0	0
Forecast to Year-End				4,448
Total DC Grants	13,047	8,372	1,925	5,964
Annual Budget	4,238	5,289	6,868	7,868
Annual Variance	(8,809)	(3,083)	4,943	1,904
Total DC Grants as % of DC Collections	27%	18%	5%	15%
Total DC Grants as % of Tax Levy	3.8%	2.3%	0.5%	1.5%
% Unaligned with Council Grant Pillars	73%	41%	24%	

* RDC grants and collections based on actual results for 2018 to 2020. Data is not included for 2017 as the RDC By-law was only in effect from September 1 to December 31, 2017.

** Actual grants and collections to June 30, 2021 with forecast to December 31, 2021.

(D) – Discretionary DC Grants; (M) – Mandatory DC Grants