

Review and Update of the Smarter Niagara Incentive Programs

Submitted To:



Submitted By



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EXECUTIVE SUMMARY

Background

The Smarter Niagara Incentive Programs are a comprehensive framework of financial incentive programs designed to promote Smart Growth in Niagara. These programs were endorsed by Regional Council in 2002 and efforts have been ongoing to implement the Smarter Niagara Incentive Programs since 2003. The Region has budgeted and disbursed significant funds for implementation of these programs. Numerous local municipalities in Niagara Region have taken advantage of funding from the Smarter Niagara Incentive Programs by adopting community improvement plans (CIPs) that contain complementary incentive programs.

The Smarter Niagara Incentive Programs currently include the following programs:

- 1) Reduction of Regional Development Charges;
- 2) Property Rehabilitation and Redevelopment Tax Increment Funding Program;
- 3) Building and Facade Improvement Grant/Loan Program;
- 4) Residential Grant/Loan Program;
- 5) Heritage Restoration and Improvement Grant/Loan Program;
- 6) Environmental Assessment Study Grant Program; and,
- 7) Public Domain Incentives Program.

The private sector has responded to these incentive programs by initiating dozens of residential, commercial and mixed use development and redevelopment projects in central urban areas and on brownfield sites.

Since introduction of the Smarter Niagara Incentive Programs in 2003, a number of factors have combined to suggest that a review and update of the programs is now in order. This includes:

- a) Adoption of Regional Policy Plan Amendment (ROPA) 2-2009 which implements the Region's Growth Management Strategy (Niagara 2031);
- b) Results of CIP programs and lessons learned in a number of municipalities such as St. Catharines and Niagara Falls that have had incentive programs in place for several years;
- c) Input from Local/ Regional staff and program users regarding the current programs; and,
- d) Evolving incentive program best practices, including the use of incentive programs that promote energy efficiency and sustainable planning and development.

The purpose of this report is to review the Smarter Niagara Incentive Programs and provide recommendations for the updating of these programs.

Methodology

The recommendations contained in this report were developed using a comprehensive methodology to review the existing Smarter Niagara Incentive Programs. This review included completion of the following tasks:

- a) A review of key Regional policy documents and reports to determine policy direction for the Smarter Niagara Incentive Programs;

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- b) A review of best practices used by other Ontario municipalities to promote the types of community improvement and economic development identified in the policy review;
- c) Review and quantitative analysis of the results of the Smarter Niagara Incentive Programs from 2003 until the end of 2009;
- d) Interviews with Regional staff , Local Municipal CIP Coordinators and other key stakeholders who have utilized or are affected by Local/Regional incentive programs;
- e) The identification of program gaps, possible improvements, administrative issues and future program needs and priorities for the Smarter Niagara Incentive Programs;
- f) Preparation of a Draft Preliminary Incentive Program Concepts Report;
- g) Presentation of the Draft Preliminary Incentive Program Concepts Report at a Stakeholder Consultation Session and Workshop on November 24, 2010 and review of comments received during and after the Stakeholder Consultation Session and Workshop;
- h) Preparation of Revised Preliminary Incentive Program Concepts and presentation of the these concepts at a public meeting held on March 23, 2011;
- i) Preparation of a Draft Report in September of 2011 and circulation and presentation of this Draft Report to the Local Municipal CIP Coordinators in October of 2011; and,
- j) Preparation of this Final Report.

In addition to the stakeholder consultation sessions and the public meeting noted above, project results and progress updates were presented to various committees during the process, including the Smarter Niagara Steering Committee.

Smarter Niagara Incentive Program Funding and Results

The Region has a long standing program of providing its local municipalities funding for the preparation of community improvement plans and by the end of 2010, the Region of Niagara had paid out or committed a total of \$603,500 for the preparation of local CIPs. In addition to the funding for preparation of CIPs, the Region has committed just under \$775,000 toward public realm improvement projects in five local municipalities, and an additional \$199,675 for advanced visualization projects in three local municipalities. In total, by the end of 2010, the Region had committed \$1,577,550 in funding for Local CIPs, public realm improvement projects and advanced visualization.

A total of 178 incentive program applications for private development were approved by the five municipalities in Niagara who were actively offering any incentive programs over the period 2003 to 2009. This includes 61 applications in St. Catharines, 59 in Niagara Falls, 36 in Niagara-on-the-Lake, 14 in Welland, and 8 in Thorold. Niagara Region assisted in the funding of these private developments by providing Smarter Niagara Incentive Program funding to the Local Municipalities for their approved incentive program applications. The number of municipalities in Niagara offering incentive programs through Local CIPs has now increased to ten, with several municipalities in Niagara recently adopting CIPs.

The total contribution from the Region to the funding of the 178 Local Municipal incentive program applications approved between 2003 and 2009 is estimated at \$3,210,818 and the total contribution from the Local Municipalities is estimated at \$4,005,440. A total of \$7,216,259 in Regional/Local Municipal funding was committed to the projects taking advantage of funding available through CIP programs, and this \$7,216,259 in Local/Regional funding will generate

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approximately \$65,909,672 in private sector construction investment and a total public/private investment of well over \$73,000,000 a result of the construction of the committed projects. This represents a healthy overall leverage ratio of approximately 9.1 times the Regional/Local investment.

Critical Needs

In order to determine critical needs for improvement to the Smarter Niagara Incentive Programs, interviews were conducted with Local CIP Coordinators, other Local Municipal staff, Regional staff, and key stakeholders from the development community. In total, 23 people were interviewed. The results of these interviews were augmented by the Background Policy Review and feedback received from the Smarter Niagara Steering Committee in order to identify the key critical needs for incentive program revisions and possible new programs.

Generally, those interviewed felt the existing Smarter Niagara Incentive Programs are both appropriate and effective. There was a strong desire to increase maximum incentive program amounts, including the Regional contribution, wherever possible so as to improve the applicability and effectiveness of the incentive programs. It was also noted that in order to spur more brownfield redevelopment projects, the difference in funding available between brownfield and non-brownfield projects needs to be greater.

While the current administration of the Smarter Niagara Incentive Programs was generally viewed as effective, a number of possible improvements were identified. Some Local Municipalities do not front-end the Region's share of grants and loans, including tax increment grants. This practice creates a time delay prior to the applicant receiving full payment of the grant or loan as compared to the practice of the Local Municipality front-ending the Region's share of the payment and then recovering this payment from the Region through a regular reimbursement (e.g., monthly or quarterly) accounting. The latter practice is how the Smarter Niagara Incentive Programs were originally designed to operate, and is seen as an improvement over the current two-step process employed by some Local Municipalities.

Another significant administrative improvement that was identified is to have a single staff person at the Regional level (a Smarter Niagara Incentive Programs Coordinator) responsible for coordinating and responding to local CIP program issues. It was felt that this would help to clarify and standardize program requirements and administrative procedures. The need for such a coordinator at the Regional level will likely increase as more municipalities implement their CIPs and therefore request Regional funding from the Smarter Niagara Incentive Programs.

The need for a separate program to promote the construction of affordable housing was identified as a program gap. Another program gap identified by both those interviewed and through the policy review is the need for incentives that promote more sustainable forms of urban development and healthy communities in order to help achieve the goals of the Regional Growth Management Strategy. This includes developments that incorporate LEED certified buildings and neighbourhoods, green buildings, higher densities, and better quality urban design. The promotion of farm building rehabilitation, new forms of agriculture and value added secondary production in agricultural areas was identified as a program gap. Financial support for cultural heritage, including the arts, was also identified as a program gap. However, because Section 28 of

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the *Planning Act* restricts grants and loans to community improvement activities that are property/building based, the ability to provide meaningful incentives to cultural heritage groups through a CIP is very limited. Finally, incentive programs to help attract development to the employment lands in the Niagara Gateway Economic Zone and Centre were identified as a future priority. These programs will be developed as part of the Niagara Gateway Economic Zone and Centre CIP. Therefore, these programs are not presented in this report.

Recommendations

The recommended revisions to the existing Smarter Niagara Incentive Programs and the recommended new programs to be added to the Smarter Niagara Incentive Programs are summarized in the table below. This table is followed by the administration, budget and other recommendations pertaining to the Smarter Niagara Incentive Programs.

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Summary of Recommended Smarter Niagara Incentive Program Revisions and New Programs

Reference Number	Program Name	Type of Program Change	Description
8.1.1	Regional Development Charge Reduction Program	Revision	<ul style="list-style-type: none"> a) Make brownfield sites that are being redeveloped for industrial use outside downtowns eligible. b) Develop clearer and more complete Smart Growth Design Criteria. c) If project is on a brownfield and in central urban area, provide automatic 75% reduction in Regional development charges instead of 50%.
8.1.2	Property Rehabilitation and Redevelopment Tax Increment Funding Program	Revision	<ul style="list-style-type: none"> a) Region will continue to match local percentage tax increment grant, but if project is brownfield redevelopment, affordable housing or conforms to Region's Smart Growth Design Criteria, Region will provide minimum 75% tax increment grant.
8.1.3	Building and Façade Improvement Grant/Loan	Revision	<ul style="list-style-type: none"> a) Clarify that Regional grant/loan applies to both façade and building improvement and full amount available for either type. b) Increase matching grant/loan from Region for front façade improvement and/or building improvement from \$5,000 to \$10,000. c) Introduce a matching grant/loan from Region for side and/or rear façade improvement of up to \$10,000. d) Require that all façade improvements conform to Local Municipal urban design guidelines or the Region's Model Urban Design Guidelines.
8.1.4	Residential Grant/Loan Program	Revision	<ul style="list-style-type: none"> a) Increase matching grant from Region from \$5,000 per unit to \$7,500 per unit.
8.1.5	Heritage Restoration and Improvement Grant/Loan	Revision	<ul style="list-style-type: none"> a) Increase matching grant/loan from Region for designated residential properties from \$2,500 to \$5,000 and from \$10,000 to \$15,000 for designated commercial/ industrial properties. b) Add properties that included within boundary of heritage conservation district designated under Part V of the Ontario Heritage Act as eligible.
8.1.6	Public Domain Incentives Program	Revision	<ul style="list-style-type: none"> a) Evaluate applications using Region's new Smart Growth Design Criteria.

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Summary of Recommended Smarter Niagara Incentive Program Revisions and New Programs (Cont'd)

8.2.1	Affordable Housing Grant/Loan Program	New	Program provides matching Regional grant/loan for construction of new or renovation of existing residential units for affordable housing. Matching contribution from Local Municipality required with maximum Regional grant/loan of \$7,500 per unit and maximum of 20 units per property. This grant/loan would be available in addition to the existing Residential Grant/Loan.
8.2.2	Agricultural Feasibility Study Grant	New	Program provides matching Regional grant for studies that determine if existing agricultural/rural buildings and facilities can be converted or adapted to specialty in-demand agricultural or agri-tourism uses, as well as business plans for new agriculture and agriculture related uses. Matching contribution from Local Municipality required with maximum Regional grant of \$7,500.
8.2.3	Agricultural Buildings and Facilities Revitalization Grant	New	Program provides matching tax increment based grant for up to ten (10) years for physical improvements to existing agricultural properties, buildings and facilities that promote farm building rehabilitation, conversion to bio-fuels, new forms of agriculture, and value added secondary production in agricultural areas.
8.2.4	Direct Funding for Cultural Heritage and Arts Projects and Programs	NA	It is recommended that the program and other needs of cultural heritage groups be directly addressed through a separate Funding Program for Cultural Heritage and Arts Projects that falls outside the auspices of a CIP program.

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Administration Recommendations

CIP Contacts Group

It is recommended that the CIP Contacts Group being meeting again on a regular basis (3 to 4 times per year) and that Regional staff coordinate these meetings, take meeting notes, and disseminate these notes to all members of the CIP Contacts Group.

Smarter Niagara Incentive Programs Coordinator

It is recommended that the Region establish an Incentive Programs Coordinator position and that this position be responsible for a number of roles, including but not necessarily limited to:

- a) acting as a liaison between Local Municipal CIP coordinators staff and Regional planning, finance, legal and other staff with regards to the administration of the Smarter Niagara Incentive Programs;
- b) receiving, processing and administering requests for matching Regional program assistance from the Local Municipalities;
- c) planning and coordinating meetings of the CIP Contacts Group, including the dissemination of meeting notes and required follow-up;
- d) marketing the Smarter Niagara Incentive Programs to property owners, developers, and others both within and outside the Region;
- e) monitoring Smarter Niagara Incentive Program spending and results and reporting these results to Regional Council on a regular basis;
- f) liaising with Local Municipal CIP coordinators to obtain monitoring data, and ensure this data is collected and organized in a consistent and standardized manner;
- g) developing revisions to the Smarter Niagara Incentive Programs based on monitoring results and ongoing input from the Local Municipal CIP coordinators and other key stakeholders; and,
- h) acting as a project expeditor in relation to project issues involving the Smart Growth Incentive Programs.

It is recommended that the Incentive Programs Coordinator position be a full-time position and that one Regional staff person be dedicated solely to the responsibilities outlined above.

Incentive Program Monitoring and Reporting

It is recommended that the:

- a) Region in consultation with Local Municipalities develop a standardized framework for monitoring and reporting incentive program funding (inputs) and economic and other impacts (outputs);
- b) Incentive Programs Coordinator be responsible for assisting in the development of this standardized incentive programs monitoring and reporting framework; and,
- c) Incentive Programs Coordinator would be responsible for assembling data from Regional departments and the Local Municipalities and providing an annual report and updates (as required) regarding progress on implementation of the Smarter Niagara Incentive Programs to the Smarter Niagara Steering Committee and Regional Council.

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Financial Administration

It is recommended that the Smarter Niagara Incentive Programs be financially administered as originally intended, i.e., with Local Municipalities front-ending the Region's share of any approved incentive program payment, and the Region then reimbursing the Local Municipality on a regular basis.

Budget Recommendations

It is recommended that:

- a) a portion of the total annual budget for the Smarter Niagara Incentive Programs be dedicated to the Public Domain Incentives Program;
- b) advanced visualization exercises no longer be funded from the Smarter Niagara Incentive Programs budget; and,
- c) Local Municipal plans and planning exercises/work other than Local Municipal CIPs not be funded from the Smarter Niagara Incentive Programs budget.

It is recommended that if the Region approves the recommended increase in Regional funding levels for the existing Smarter Niagara Incentive Programs and the new programs recommended in this report, then the Region should increase the annual budget amount allocated to the Smarter Niagara Incentive Programs.

Other Recommendations

Marketing of the Smarter Niagara Incentive Programs

Once the Smarter Niagara Incentive Programs have been revised, it is recommended that the Region, led by the Incentive Programs Coordinator:

- a) prepare a Primer on the Smarter Niagara Incentive Programs that describes the available programs and how they integrate with locally available CIP incentive programs, including general information on program eligibility, application and administration procedures;
- b) Enhance the marketing of the Smarter Niagara Incentive Programs including:
 - i) presentations to development industry representatives and their support professionals (planners, engineers, architects, real estate professionals, financial institutions, lawyers, accountants, environmental consultants, etc...);
 - ii) a semi-annual newsletter containing profiles of successful projects across the Region that have utilized the Smarter Niagara Incentive Programs;
 - iii) preparation and updating of marketing materials such as brochures and/or pamphlets that provide summary information on the Smarter Niagara Incentive Programs and accompany the Primer on the Smarter Niagara Incentive Programs;
 - iv) enhancement of the Region's web page via addition of direct (one-click) access to information on the Smarter Niagara Incentive Programs, the aforementioned newsletter and marketing materials, and direct links to the Local Municipal CIP program and application materials.

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Agricultural CIP(s)

It is recommended that prior to developing and implementing the new programs recommended in this report to promote new forms of agriculture and value added secondary production in agricultural areas, the Region discuss the issue of agricultural incentives with local municipalities to determine their level of interest and ability/willingness to fund these programs in partnership with the Region.

Depending on the response from the local municipalities, it is then recommended that the Region in consultation with interested local municipalities consider preparation and adoption of a “Master Agriculture CIP” or individual Local Agriculture CIPs that local municipalities in Niagara can adopt to promote agriculture and that contain at a minimum the incentive programs recommended in Sections 8.2.2 and 8.2.3 of this report.

Provincial Participation in the Smarter Niagara Incentive Programs

It is recommended that the Province cost share with the Region and its Local Municipalities in the Smarter Niagara Incentive Programs because these programs clearly help achieve Provincial policies such as the Places to Grow Growth Plan for the Greater Golden Horseshoe.

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Review and Update of the Smarter Niagara Incentive Programs

1.0 INTRODUCTION

1.1 Background

The Smarter Niagara Incentive Programs were endorsed by Regional Council in 2002. The primary purpose of this comprehensive framework of financial incentive programs has been to promote Smart Growth in Niagara, with the geographic focus of the programs on promoting redevelopment of urban areas. More specifically, the Smarter Niagara Incentive Programs were designed to promote and encourage:

- Brownfield Redevelopment;
- Downtown and Commercial Area Revitalization and Redevelopment;
- Residential Conversion and Intensification; and,
- Heritage Restoration and Improvement.

The Smarter Niagara Incentive Programs currently include the following programs:

- 1) Reduction of Regional Development Charges;
- 2) Property Rehabilitation and Redevelopment Tax Increment Funding Program;
- 3) Building and Facade Improvement Grant/Loan Program;
- 4) Residential Grant/Loan Program;
- 5) Heritage Restoration and Improvement Grant/Loan Program;
- 6) Environmental Assessment Study Grant Program; and,
- 7) Public Domain Incentives Program.

The Smarter Niagara Incentive Programs are summarized in **Table 1** below and a description of each program is provided in **Appendix A**.

Efforts have been ongoing to implement the Smarter Niagara Incentive Programs since 2003 and the Region has budgeted and disbursed significant funds for implementation of these programs. Numerous local municipalities in the Niagara Region have taken advantage of funding from the Smarter Niagara Incentive Programs by adopting community improvement plans (CIPs) that contain complementary incentive programs. The private sector has responded to these incentive programs by initiating dozens of residential, commercial and mixed use development and redevelopment projects in central urban areas and on brownfield sites. This has served to maximize the utilization of hard services already in place as opposed to having to extend and pay for hard services to new greenfield areas. The Smarter Niagara Incentive Programs have served for several years as a model of partnership between local municipalities in Niagara and Niagara Region to promote urban area revitalization and Smart Growth.

Since introduction of the Smarter Niagara Incentive Programs in 2003, a number of factors have combined to suggest that a review and update of the programs is now in order. This includes:

- a) Adoption of Regional Policy Plan Amendment (ROPA) 2-2009;
- b) Completion of the Niagara Gateway and Economic Zone and Centre Final Report in December of 2008.
- c) Results of CIP programs and lessons learned in a number of municipalities such as St. Catharines and Niagara Falls that have had incentive programs in place for several years;

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Table 1 Current Smarter Niagara Incentive Programs

	Program Name¹	Purpose	Details
1	Reduction of Regional Development Charges	To promote development, redevelopment and intensification of residential, commercial and institutional uses.	The Region offers a reduction of 50% of the Regional Development Charge (DC) for residential, commercial or institutional development or conversion of existing buildings to these uses. An additional 50% Regional DC reduction is available to developments that include at least 3 of the Region's 5 Smart Growth Design Criteria (see Appendix B for the Region's Smart Growth Design Criteria).
2	Property Rehabilitation and Redevelopment Tax Increment Funding Program	To stimulate building and property rehabilitation or redevelopment.	The Region will match the percentage and duration of the tax increment generated by a rehabilitation or redevelopment project that is paid by the municipality in the form of a grant to the applicant.
3	Building and Facade Improvement Grant/Loan Program	To promote structural improvement of buildings and/or improvement of building facades.	The Region will provide a matching grant or loan on a cost shared basis with the local municipality to a maximum grant from the Region of \$5,000 per property, or a matching loan from the Region of \$10,000 per property.
4	Residential Grant/Loan Program	To promote residential conversion, infill and intensification.	The Region will provide a matching grant or loan on a cost shared basis with the local municipality to a maximum grant from the Region of \$5,000 per unit, or a matching loan from the Region of \$10,000 per unit. Maximum of 20 units per property for a grant or loan.
5	Heritage Restoration and Improvement Grant/Loan Program	To promote restoration and improvement of buildings designated under the Ontario Heritage Act.	The Region will provide a matching grant or loan on a cost shared basis with the local municipality to a maximum grant or loan from the Region of \$2,500 per residential property and \$10,000 per commercial or industrial property.
6	Environmental Assessment Study Grant Program	To promote undertaking of environmental site assessments.	The Region will provide a matching grant on a cost shared basis with the local municipality to a maximum grant from the Region of \$5,000 per study to promote the completion of Phase II Environmental Site Assessments, Remedial Action Plans and Risk Assessments, and a maximum of two studies per property.
7	Public Domain Incentives Program	To support public realm improvements that are identified in or in compliance with municipal planning documents	The Region will provide a matching grant on a cost shared basis with the local municipality to a maximum grant from the Region of \$100,000 per project to support public realm improvements

¹ Programs 1 to 6 apply only in central urban areas and to brownfields within the urban area.

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- d) Input from Local/ Regional staff and program users regarding the current programs; and,
- e) Evolving incentive program best practices, including the use of incentive programs that promote energy efficiency and sustainable planning and development

Regional Policy Plan Amendment (ROPA) 2-2009 was approved by Regional Council on May 28, 2009. This amendment implements the Region's Growth Management Strategy (Niagara 2031) and brings the Region into conformity with the Places to Grow Growth Plan for the Greater Golden Horseshoe and the Provincial Policy Statement (PPS). As such, ROPA 2-2009 puts a high priority on intensification (both residential and employment), mixed, compact and transit supportive land uses and development, densification of suburbs, nodes and corridors, and complete communities.

1.2 Purpose

The purpose of this report is to review the Smarter Niagara Incentive Programs and provide recommendations for the updating of these programs. More specifically, this report addresses the following questions:

- 1) Which Smarter Niagara Incentive Programs have been most utilized to date?
- 2) What is the feedback on the Smarter Niagara Incentive Programs from the local municipalities and applicants for CIP incentive programs in those local municipalities?
- 3) What critical community improvement needs (gaps) are not being addressed by the existing Smarter Niagara Incentive Programs?
- 4) What are the progressive best practices in other municipalities that could be considered for adoption into the Smarter Niagara Incentive Programs?
- 5) How should the Smarter Niagara Incentive Programs be revised and/or augmented to help address any critical gaps not currently addressed by the programs?
- 6) How should the Smarter Niagara Incentive Programs be revised and/or augmented to help accomplish the growth management objectives in ROPA 2-2009 and the strategic directions in the Niagara Growth Management Strategy (Niagara 2031)?
- 7) What are the details of the revised and any new incentive programs recommended in response to questions 5) and 6) above?

Another important question is: what incentive programs could be developed and implemented to help accomplish the goals of the Niagara Gateway and Economic Zone and Centre Final Report? The answer to this question is addressed separately in the Niagara Gateway Economic Zone and Centre Community Improvement Plan (CIP) (report to be prepared). As such, the review of the Niagara Gateway and Economic Zone and Centre Final Report prepared in December of 2008, best practices used in other municipalities to promote development of employment lands, and the incentive programs that could be used in Niagara to promote development of employment lands in the Niagara Gateway and Economic Zone and Centre are contained in report(s) to be prepared for the Niagara Gateway Economic Zone and Centre CIP.

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1.3 Methodology

A number of sequential tasks have been undertaken in order to review the existing Smarter Niagara Incentive Programs and develop the recommendations contained in this report. These tasks included:

- a) A Background Policy Review of key Regional policy documents and reports, including ROPA 2-2009, to determine policy direction for the Smarter Niagara Incentive Programs;
- b) A review of best practices used by other upper tier and lower tier Ontario municipalities to promote the types of community improvement, development and economic development goals identified in the Background Policy Review;
- c) Review and quantitative analysis of Smarter Niagara Incentive Program Monitoring Reports from 2003 until 2009 and CIP program monitoring reports produced by the Local Municipalities in Niagara up to the end of 2009;
- d) Interviews with Regional staff responsible for key policy areas;
- e) Interviews with Local Municipal CIP Coordinators in Niagara;
- f) Interviews with Key Local Stakeholders in Niagara who have utilized or are affected by Local/Regional incentive programs;
- g) Based on the results of tasks a) to f) above, the identification of program gaps, possible improvements, administrative issues and future program needs and priorities for the Smarter Niagara Incentive Programs;
- h) Preparation of a Draft Preliminary Incentive Program Concepts Report in November of 2010 which was presented to key stakeholders at a Stakeholder Consultation Session and Workshop on November 24, 2010;
- i) Review of comments received from key stakeholders during and after the Stakeholder Consultation Session and Workshop;
- j) Preparation of Revised Preliminary Incentive Program Concepts based on the review of comments received during and after the Stakeholder Consultation Session;
- k) Presentation of the Revised Preliminary Incentive Program Concepts at a public meeting held on March 23, 2011 and review of comments received after the public meeting;
- l) Preparation of Incentive Program Recommendations and presentation of these recommendations to the Smarter Niagara Steering Committee in July of 2011;
- m) Preparation of the Draft Review and Update of the Smarter Niagara Incentive Programs Report in September of 2011;
- n) Presentation of the Draft Report to the Local Municipal CIP Coordinators in October of 2011 and review of the CIP Coordinators comments; and,
- o) Preparation of this Final Report.

In addition to the stakeholder consultation session and public meeting noted above, project results and progress updates were presented to various committees during the process including the:

- Community Improvement Plan (CIP) Contacts Group (April 14, 2010; May 12, 2010);
- Smarter Niagara Steering Committee (May 19, 2010, July 7, 2010; September 9, 2010; July 13, 2011);
- Niagara Culture Committee (August 30, 2010);
- Niagara Agricultural Task Force Meeting (February 4, 2011);

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- Niagara Gateway Economic Zone and Centre Committee (April 23, 2010; September 17, 2010; March 25, 2011).

1.4 Report Content

This report is divided into eight sections.

Section 2.0 of the report presents the review of key Regional policies that helped to guide and direct the updating of the Smarter Niagara Incentive Programs.

Section 3.0 contains a best practices review of Smart Growth incentive programs used by other upper and lower tier municipalities in Ontario.

Section 4.0 describes the funding and results of the existing Smarter Niagara Incentive Programs.

Section 5.0 describes the critical needs for improvement to the Smarter Niagara Incentive Programs.

Section 6.0 presents the preliminary incentive program concepts that were developed for the Smarter Niagara Incentive Programs.

Section 7.0 provides a summary of the stakeholder and public consultation that took place on the preliminary incentive program concepts.

Finally, Section 8.0 of the report contains recommendations with respect to revisions to the existing Smarter Niagara Incentive Programs, addition of new programs, administration, budgeting and other recommendations, all designed to improve the effectiveness of the Smarter Niagara Incentive Programs.

2.0 BACKGROUND POLICY REVIEW

The following Regional policy documents and reports were reviewed to determine key policy directions in relation to the Smarter Niagara Incentive Programs:

- Niagara Growth Management Strategy (Niagara 2031);
- Regional Policy Plan Amendment (ROPA) 2-2009 and related staff reports;
- Regional Policy Plan Amendment (ROPA) 6-2009;
- Navigating Our Future: Niagara's Economic Growth Strategy (2009-2012);
- 2007-2011 Council Business Plan;
- Development Charges By-law No. 62-2009;
- Region of Niagara Discussion Paper RE: The Financing of Growth-Related Infrastructure (March 2010);
- Niagara Gateway and Economic Zone and Centre Final Report (December 2008);
- Culture Plan (March 2010); and,
- Local Food Action Plan (December 2008).

Regional staff responsible for key policy areas in relation to the above-noted policies, plans and reports were also interviewed. Finally, members of the Smarter Niagara Steering Committee also provided comments on key Regional policy objectives when presented with project updates.

Section 2.1 below briefly describes the key policies in the above-noted policy documents, strategies, plans and reports that provide direction for the updating of the Smarter Niagara Incentive Programs, while Section 2.2 summarizes the key policy directions that were used to help guide the updating of the Smarter Niagara Incentive Programs.

2.1 Key Regional Policies

2.2.1 Regional Policy Plan Amendment (ROPA) 2-2009 and the Niagara Growth Management Strategy (Niagara 2031)

Regional Policy Plan Amendment 2-2009 to the Official Plan for the Niagara Planning Area was approved by Regional Council on May 28, 2009. This amendment implements the Region's Growth Management Strategy (Niagara 2031) and brings the Region into conformity with the Places to Grow Growth Plan for the Greater Golden Horseshoe and the Provincial Policy Statement (PPS). Therefore, ROPA 2-2009 is the key Regional policy document with respect to providing policy guidance to the updating of the Smarter Niagara Incentive Programs.

The Sustainable Urban Vision in Section 2 of ROPA 2-2009 supports intensification, mixed uses, compact and transit supportive development and complete communities. Section 5.3 of ROPA 2-2009 goes on to introduce Sustainable Urban Development policies. In this section, the Region encourages local municipalities to establish official plan policies and other measures that support environmental sustainability. These principles include reducing energy demand, maximizing water conservation, sustainable stormwater management practices, and integrating active transportation and transit into development plans. The Region will assist and support local municipalities in developing such policies and measures to implement them.

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Section 4.3.2 of ROPA 2-2009 identifies the primary goal in locally designated intensification areas as residential intensification, supported by employment and other uses and identifies community improvement plans as one of the tools to facilitate growth and development within local municipally designated intensification areas. Downtown St. Catharines is identified as an Urban Growth Centre. Consistent with the Places to Grow Plan, the Downtown St. Catharines Urban Growth Centre will be planned as a focal area for a mix of land uses that accommodates high density residential and employment development.

The Regional Policy Plan also supports opportunities for affordable housing (not-for-profit and private) and encourages local municipalities to provide incentives for affordable housing. Furthermore, the Region encourages affordable housing on brownfields and in downtown areas through the use by developers of incentives provided by the Region and local municipalities. The Regional Policy Plan states that the Region will investigate establishing an Affordable Housing Reserve Fund to provide incentives to private and community organizations for the creation of affordable housing.

Section 5.10 encourages support for the conservation, restoration, enhancement and adaptive reuse of cultural heritage resources.

Section 3.2 identifies the Niagara Economic Gateway as a key component of the Region's urban structure. Section 8 of ROPA 2-2009 contains policies for the Niagara Economic Gateway Zone and Centre in Niagara Falls, Fort Erie, Thorold, Welland and Port Colborne. The overall objective for the Niagara Economic Gateway is the creation of a high quality community that is sustainable. Creating vibrant downtowns is also a key objective of the Gateway policies in the Official Plan. Section 8.8 contains the policies for the employment lands within the Niagara Economic Gateway. This policy specifies that the Region will work in partnership with the Province and local municipalities to create an attractive investment climate for the employment lands through a number of measures, including improving infrastructure, reducing the cost of servicing these lands, and exploring opportunities for developing environmentally sustainable buildings.

2.2.2 Regional Policy Plan Amendment (ROPA) 6-2009

Regional Policy Plan Amendment 6-2009 was approved by Regional Council in April of 2010 and came into full force and effect in May of 2011. ROPA 6-2009 introduced agricultural value-added activities policies into the Regional Official Plan. These policies recognize the changing nature of agriculture and support farm diversification uses that contribute to the long term economic sustainability of the agricultural industry in Niagara. Therefore, ROPA 6-2009 permits agricultural related value added and secondary uses that complement farming activities and provide for increasing the economic value of an agricultural product or use.

2.2.3 Niagara's Economic Growth Strategy

The Region's Economic Growth Strategy was initiated by Regional Council and developed under the leadership of the Niagara Economic Development Corporation. This Strategy presents six strategic action plans to foster economic growth in Niagara. The strategic action plan most relevant to the Smarter Niagara Incentives Program is the creation of a competitive business

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environment in Section 2.0 of the Strategy. Section 2.2 of the Strategy recommends that the Region implement a full range of Smart Growth and brownfield redevelopment initiatives including community improvement plans and incentive programs. Section 3.0 of the Strategy identifies a set of priority growth sectors that the Region should focus on.

2.2.4 Council Business Plan

The 2007-2011 Council Business Plan² is a very high level plan. This plan focuses on community and social well-being (including affordable housing), economic prosperity, environmental sustainability (energy, climate, waste, and brownfield redevelopment) and alternative forms of transportation.

2.2.5 Culture Plan

The Culture Plan was approved by Regional Council in March of 2010. The purpose of this plan is to create the overarching policy and planning framework including strategic directions and actions to guide Niagara's support for the creative economy and development of the creative cultural sector. The focus of the Plan is on creative places through the preservation and enhancement of cultural assets, art in public places, and promoting cultural destinations such as downtowns. To this end, Action 1.2 in the Culture Plan recommends the development of a Niagara investment strategy and incentives for cultural development, including loans and tax incentives to promote cultural development. The Plan encourages the inclusion of art in public places and facilitates public art programs in Niagara.

The Region had a Pilot Public Art Grant Program that committed funding to only two projects, the GO/Metrolinx Station at Casablanca Boulevard in Grimsby, and the fountain in the Historic Drummondville Community Improvement Project Area. The Region's Pilot Public Art Grant Program has been discontinued.

2.2.6 Local Food Action Plan

Niagara's Local Food Action Plan was approved by Regional Council in December of 2008. This Plan outlines actions that will help Niagara's food industry grow. Action 4E in the plan recommends that the Region develop, offer and promote financial programs to encourage the production, processing and distribution of local food in Niagara. This includes:

- Revision of property tax policies and the introduction of tax incentives or development incentives to offset initial costs of infrastructure based on job creation or to promote green initiatives;
- Low interest rate loans; and
- Application fee reductions.

² At the time of writing, Regional Council is in the process of updating this plan.

2.2 Key Policy Directions

The review of key Regional policy documents, interviews with Regional staff responsible for key policy areas, and input from the Smarter Niagara Steering Committee identified a number of key policy directions that were utilized to help guide the updating of the Smarter Niagara Incentive Programs. These key policy directions include:

- a) Creating vibrant downtowns;
- b) Supporting brownfield redevelopment;
- c) Promoting residential intensification supported by employment and other uses in locally designated intensification areas;
- d) Supporting opportunities for affordable housing (not-for-profit and private), especially in downtowns and on brownfields;
- e) Investigating the establishment of an Affordable Housing Reserve Fund to provide incentives to private and community organizations for creation of affordable housing;
- f) Encouraging conservation, restoration, enhancement and adaptive reuse of cultural heritage resources;
- g) Encouraging the inclusion and maintenance of art in public places;
- h) Promoting diverse, walkable neighbourhoods;
- i) Encouraging production, process and distribution of local food in Niagara;
- j) Promoting and supporting sustainable urban development that:
 - i) Reduces energy demands/consumption;
 - ii) Integrates green roofs;
 - iii) Maximizes water conservation;
 - iv) Uses sustainable stormwater management practices;
 - v) Is of a high quality urban design; and,
 - vi) Is compact and transit supportive
- k) Reducing the cost of servicing land and developing environmentally sustainable industrial buildings in the Niagara Gateway Economic Zone and Centre.

The Regional policy documents reviewed also contain numerous mentions of the Region assisting and supporting local municipalities in providing programs and policies through a partnership model.

3.0 BEST PRACTICES IN OTHER MUNICIPALITIES

A best practices review of Smart Growth incentive programs used by other upper and lower tier municipalities in Ontario was conducted. This best practices review confirmed that Niagara Region is a leader in the innovative use of incentive programs that incorporate Smart Growth principles, including its Development Charge Reduction Program and its Public Domain Incentives Program. Niagara Region is also still the upper tier leader in the provision of incentive programs to lower tier municipalities. In fact, a number of other upper tier municipalities such as the Region of Waterloo and the Region of Durham have adopted a number of programs similar to the Smarter Niagara Incentive Programs as a way to partner with their lower tier municipalities in providing grants and loans for their lower tier CIPs.

A few single tier or upper tier municipalities have adopted incentive programs that incorporate innovative practices and/or Smart Growth concepts. The key aspects of these programs are highlighted below. These programs were reviewed to determine their potential ability to achieve the key policy directions identified for Niagara via adaptation into the Smarter Niagara Incentive Programs. Some of these innovative incentive program concepts, i.e., those which could help to achieve key policy directions for Niagara and address gaps identified in the Smarter Niagara Incentive Programs, were adapted and included in the Draft Preliminary Incentive Program Concepts Report produced in November of 2010.

3.1 Region of Waterloo

To date, the Region of Waterloo is the only municipality to adopt an upper tier CIP in Ontario. Known as the Waterloo Reurbanization CIP, this CIP was adopted in 2008 to focus new residential and non-residential development into the Central Transit Corridor between Cambridge, Kitchener and Waterloo which is the location of a future rapid transit system. While not offering any incentive programs, the CIP does authorize the Region of Waterloo to purchase and prepare lands within the corridor.

The Region of Waterloo has emulated Region of Niagara's programs for brownfield redevelopment including a development charge reduction programs, a joint tax increment based grant with participating local municipalities, and an environmental site assessment grant. The Region of Waterloo has added an allowance of 10% for indirect remediation costs to its tax increment based grant program, and an allowance of 20% for indirect remediation costs to its development charge reduction program.

3.2 City of Hamilton

In 2008, the City of Hamilton adopted the Hamilton LEEDING Way CIP which introduced a tax increment based grant program designed exclusively to promote development to Leadership in Energy and Environmental Design (LEED) standards. This program originally applied to the City's business parks and industrial areas. However, in 2010, this tax increment based grant program was expanded to apply to industrial/commercial, mixed use and multi-unit residential development across the entire urban area. The program provides a grant equal to 75% of the tax increment generated by a LEED certified project for up to 5 years and includes the costs of LEED energy modeling, construction and certification as eligible costs.

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In 2010, the City of Hamilton also introduced a brownfield remediation loan program in its downtown area via amendment to its Environmental Remediation and Site Enhancement (ERASE) CIP. This program originally offered a loan for up to 75% of the remediation costs on downtown developments at 1% below prime rate. The maximum loan available was \$100,000 and the developer repays the loan to the City through the tax increment grant normally retained by the developer. The maximum loan amount under this program was recently increased to \$400,000.

3.3 Town of The Blue Mountains

The Town of the Blue Mountains recently adopted a Comprehensive CIP for its three commercial core areas. This CIP contains a number of incentive programs designed to promote sustainable forms of development, including:

- A Commercial Building Improvement Loan Program that forgives 30% of the loan amount if the project achieves any level of LEED certification; and,
- A Revitalization Tax Increment Grant Program that increases the tax increment grant from 60% to 100% for projects that achieve LEED certification or conform to the Town's Sustainable Design Guidelines.

The CIP project also included the development of detailed Sustainable Design Guidelines for the Town. These Guidelines apply to both public and private developments and provide guidance with respect to:

- i) site infrastructure;
- ii) environmental preservation and enhancement;
- iii) water use and wastewater;
- iv) energy efficient building design and operation;
- v) material impacts;
- vi) plantings;
- vii) transportation and accessibility.

In addition, Design Guidelines were also prepared for infill development, façade improvement, streetscapes, and greenfield development.

3.4 Town of Caledon

The Town of Caledon offers a development charge reduction for commercial and industrial buildings that incorporate green technologies or achieve LEED certification. The maximum reduction of development charges is 27.5% for a building that achieves LEED platinum certification.

3.5 Town of Halton Hills

The Town of Halton Hills recently adopted a CIP containing a number of incentive programs designed to promote community improvement in agricultural areas. This includes grants for agricultural feasibility studies, as well as tax increment based grants and loans for the revitalization and improvement of agricultural buildings, facilities and lands.

3.6 Other Programs

Several other programs were reviewed including programs in the Region of Durham and several local municipalities across Ontario. One program that stood out as an innovative way to promote more affordable housing is the privately run Options for Homes Program. Options for Homes is a company that has built affordable housing developments in a number of GTA municipalities since 1993. They build no-frills projects with no marketing campaigns or real estate commissions. They also rely on local municipalities to defer development charges and other fees. These deferred development charges and fees are then registered as a second mortgage against the property and are paid off only when the house is sold or after a set period of time. This approach results in more affordable housing and helps to prevent speculation on the residential units being built.

4.0 EXISTING SMARTER NIAGARA INCENTIVE PROGRAMS

4.1 Historical Revisions to the Smarter Niagara Incentive Programs

While most of the current Smarter Niagara Incentive Programs were introduced in 2003, a number of the programs have been revised since 2003 and some new programs have been added. This section of the report provides an overview of these program revisions and additions as determined through a review of various Regional reports on the Smarter Niagara Incentive Programs.

In 2005, Report DPD 149-2005 clarified that the Region would provide a matching proportional share to the local municipality for local tax increment grant and tax assistance programs. This principle has been a major tenant of tax increment based grant programs. Report DPD 149-2005 also required that an annual report be prepared showing the disposition of funds through local CIP programs and the Smarter Niagara Incentive Programs. Finally, Report DPD 149-2005 directed the CIP Contacts Group investigate options for provision of low interest loans to not-for-profit housing agencies.

In 2007, Reports DPD 8-2007 and DPD 119-2007 introduced revisions to the existing programs and a new program. The maximum grant from the Region under the Residential Grant/Loan program was increased from \$2,500 to \$5,000 per unit. The maximum building and façade improvement grant from the Region was increased from \$2,500 to \$5,000. The Region also introduced a new program known as the Public Domain Incentives Grant Program. This program provides for matching of up to \$100,000 for local public realm improvement projects. Applications from local municipalities are vetted through the Regional Incentive Programs Review Team. The eligibility, funding and administration guidelines for the Public Domain Incentives Grant Program can be found in Report DPD 42-2008.

In July of 2009, the Region passed a new Development Charges By-law (62-2009). The new Development Charges By-law changed the Region's Development Charge Reduction Program for central urban areas and brownfields from 75% plus 25% for projects that achieve at least three of the five Smart Growth design criteria to 50% plus 50% for projects that achieve at least three of the five Smart Growth design criteria. The rationale for this change was suggested by the Smarter Niagara Steering Committee in an attempt to increase the number of projects in central urban areas and on brownfields that incorporate Smart Growth design criteria. Also, the Development Charges By-law does not allow a development charge reduction for a brownfield site that is rehabilitated for industrial use.

4.2 Local Community Improvement Plans in Niagara




As shown in **Table 2**, 10 of the 12 Local Municipalities in Niagara have adopted a total of 19 CIPs. Two more CIPs are currently being prepared. Seventeen of the 19 adopted CIPs have now been implemented, which is defined in Table 2 as there being at least one incentive program in the CIP available. The Town of Niagara-on-the-Lake (NOTL) has also adopted and implemented a heritage restoration and improvement grant program under Section 39 of the Ontario Heritage Act. Therefore, in total, 10 of the 12 municipalities in Niagara currently offer at least one incentive program. However, until the end of 2009, only 5 of these 9 municipalities

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(St. Catharines, Niagara Falls, Welland, Thorold and NOTL) were actively offering any incentive programs. The other four municipalities have only more recently begun to offer incentive programs.

Table 2 Local Community Improvement Plans in Niagara

Municipality	Type of CIP				
	Downtown/ CBD	Other Commercial Area	Brownfield	Comprehensive/ Multi-Area/ Waterfront	Site Specific
Fort Erie	✓		✓		
Grimsby	✓				
Lincoln	✗				
Niagara Falls	✓	✓	✓		
Niagara-on-the-Lake					✓
Pelham	✓				
Port Colborne	✓	✓	✓	✗	
St. Catharines				✓	
Thorold	✓	✓			✓
Wainfleet					
Welland	✓		✓		
West Lincoln	✓		✓		
TOTAL	9	3	5	2	2

-  = Adopted and implemented
 = Adopted/ to be implemented
 = In preparation

4.3 Smarter Niagara Incentive Program Funding and Results

4.3.1 Region to Local Funding for Preparation of CIPs, Public Domain Improvement Projects and Advanced Visualization

CIP and incentive program monitoring reports from both the Local Municipalities and the Region were reviewed and analyzed to determine program uptake, revisions, and results. The Local CIP coordinators and Regional staff augmented the data available in the monitoring reports with additional data that allowed a more fulsome review of the results of the partnerships of local and regional programs.

The Region has a long standing program of providing its local municipalities funding for the preparation of community improvement plans. **Table 3** shows the amount of funding provided by the Region to Local Municipalities in Niagara between 2003 and 2010 for the purposes of preparing CIPs, public realm improvement projects under the Public Domain Incentive Program, and for advanced visualization. By the end of 2010, the Region of Niagara had paid out or committed a total of \$603,500 for the preparation of local CIPs. No other upper tier municipality in Ontario has shown this level of financial commitment to assisting lower tier municipalities in

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the preparation of CIPs. In addition to the funding for preparation of CIPs, the Region has committed just under \$775,000 toward public realm improvement projects in five local municipalities, and an additional \$199,675 for advanced visualization projects in three local municipalities. In total, by the end of 2010, the Region had committed \$1,577,550 in funding for Local CIPs, public realm improvement projects and advanced visualization.

Table 3 Region to Local Funding for Preparation of CIPs, Public Domain Improvement Projects and Advanced Visualization

Municipality	CIP Preparation	Public Domain Improvement Project	Visualization	TOTAL
Fort Erie	\$ 50,000		\$ 21,562	\$ 71,562
Grimsby	\$ 25,000			\$ 25,000
Lincoln	\$ 25,000			\$ 25,000
Niagara Falls	\$ 35,000	\$ 300,000		\$ 335,000
NOTL	\$ 50,000			\$ 50,000
Pelham	\$ 30,000	\$ 100,000		\$ 130,000
Port Colborne	\$ 160,000	\$ 40,750	\$ 43,000	\$ 243,750
St. Catharines	\$ 90,000		\$ 135,113	\$ 225,113
Thorold	\$ 53,500	\$ 33,625		\$ 87,125
Welland	\$ 50,000	\$ 300,000		\$ 350,000
West Lincoln	\$ 35,000			\$ 35,000
TOTAL	\$ 603,500	\$ 774,375	\$ 199,675	\$ 1,577,550

4.3.2 Smarter Niagara and Local Municipal Incentive Program Results

Table 4 shows the total incentive program applications approved by local municipalities in Niagara between 2003 and 2009. A total of 178 incentive program applications were approved by the five municipalities in Niagara who were actively offering any incentive programs over the period 2003 to 2009. This includes 61 applications in St. Catharines, 59 in Niagara Falls, 36 in Niagara-on-the-Lake, 14 in Welland, and 8 in Thorold. The breakdown of these 178 incentive program applications by municipality and type of program is provided in **Appendix C**.

While a number of the projects that are subject of the 178 applications have been completed, some are in progress, and some are to be built, it is anticipated that when completed, these 178 applications will generate construction estimated at over \$73,125,000 and include the construction of 733 residential units. The total contribution from the Region to the funding of these approved incentive applications is estimated at \$3,210,818 and the total contribution from the Local Municipalities is estimated at \$4,005,440. Examples of some of the projects completed using the Smarter Niagara Incentive Programs and Local Municipal CIP program funding are shown after Table 4 below.

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Table 4 Smarter Niagara and Local Municipal Incentive Program Results

Type of Program	Number of Applications	Number of Residential Units	Contribution		Total Contribution Local and Region	Estimated Project Cost
			Local	Region		
Residential Conversion/Intensification/Construction Grant/Loan	28	348	\$ 1,115,252	\$ 636,830	\$ 1,752,082	\$ 28,214,349
Commercial Building Façade Improvement Grant/Loan	50	na	\$ 441,879	\$ 219,958	\$ 661,837	\$ 3,227,476
Commercial Building Improvement Grant/Loan*	61	na	\$ 431,699	\$ 69,863	\$ 501,562	\$ 1,248,832
Downtown/Commercial Area Revitalization Tax Increment Grant	9	125	\$ 794,453	\$ 1,031,510	\$ 1,825,963	\$ 20,455,828
Brownfield Tax Increment Based Grant	3	141	\$ 946,240	\$ 1,202,740	\$ 2,148,980	\$ 18,529,446
Brownfields Tax Assistance	1	119	\$ 54,384	\$ 24,465	\$ 78,849	\$ 1,450,000
ESA Grant	5	na	\$ 25,452	\$ 25,452	\$ 50,905	na
Municipal Applications/Permit Fees Grant/Refund	21	na	\$ 196,081	\$ -	\$ 196,081	na
TOTAL	178	733	\$ 4,005,440	\$ 3,210,818	\$ 7,216,259	\$ 73,125,931

Notes:

Where an application has been approved for more than one program, the number of residential units and the estimated project cost has been counted only once to avoid double counting.

NP = No program offered

na = not applicable

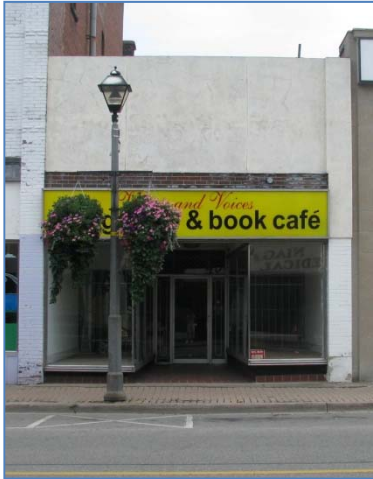
* = also includes Heritage Restoration Improvement Grant/Loan

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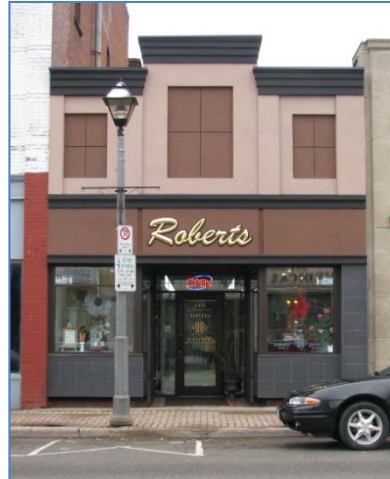
City of Niagara Falls

Downtown, Queen Street, Robert's Jewelers

Building Improvement Loan/ Façade Improvement Grant



Before



After

City of Niagara Falls

Downtown, Morrison Street Apartments

Residential Loan and Tax Increment Grant



Before



After

City of St. Catharines

36 Page Street, Queenston Neighbourhood,

Affordable Housing Project and Community Programing Centre

Residential Grant and Tax Increment Based Grant



Before



After

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City of St. Catharines

*104 St. Paul Street, Downtown,
Façade Improvement Grant*



Before



After

City of Thorold

*Community Credit Union, Downtown
Facade Improvement Grant*



Before



After

City of Thorold

*Law Offices of Young, McNamara, Downtown
Façade Improvement Grant*



Before



After

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City of Welland

*Streetscaping and Sidewalk Reconstruction, Downtown
Public Domain Incentives Program*



Before



After

City of Port Colborne

*Streetscaping, Olde Humberstone Main Street Area
Public Domain Incentives Program*



Before



After

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The Region of Niagara Discussion Paper on Financing of Growth-Related Infrastructure (March 2010) notes that beyond a financial incentive program meeting its policy objectives, there are three fundamental financial tests it must meet in order for it to be judged a success. These are:

- a) How much development occurred that was subject of the incentive?
- b) How much of that development would likely have occurred in the same amount and form without any incentive?
- c) What is the cost/benefit ratio for the Region's investment in the resultant development.

In regards to the Smarter Niagara Incentive Programs that have been implemented through Local Municipal CIP Programs, Table 4 provides an answer to question a) above. Approximately \$73,125,930 in development will occur as a result of funding provided by the Region through the Smarter Niagara Incentive Programs and funding provided by the Local Municipalities through their accompanying CIP programs.

4.3.2.1 The But For Test

Question b) refers to what is known as the “but for test”, i.e., but for the incentive programs being offered, would the development have occurred, and if so, would it have occurred in the same amount and form? This is a very difficult question to answer because it is difficult to obtain valid evidence that increased development in a community where incentive programs have been made would not have occurred in the region anyway. To date no one has developed a valid but for test.

However, insight into the answer to the but for test question can be gained by looking at development activity prior to the introduction of the incentive programs in a community and comparing this with development activity after the introduction of the incentive programs. Specific data on development activity was not collected prior to the 2003 period and compared to the 2003-2009 period for the five municipalities in Niagara offering incentive programs during that period as this was outside the scope of this study. Furthermore, it would be virtually impossible to adjust for other factors such as the impact of the real estate market in the Niagara area and local municipalities over the time period.

Nevertheless, during the consultation sessions, municipal staff and developers from the local municipalities commented on the marked increase in the level of building and property rehabilitation, redevelopment and development activity that was generated by the Smarter Niagara and Local Municipal incentive programs as compared to prior to introduction of these incentive programs. These participants noted that much of this activity was concentrated in the central urban areas and on brownfield sites, i.e., the as designed geographic focus of the Smarter Niagara Incentive Programs. These participants also felt that most of this development activity simply would not have occurred without the availability of the Regionally/Locally funded incentive programs available through CIPs.

4.3.2.2 Cost-Benefit Ratio

Question c) can be answered by comparing the Regional and Local Municipal dollars contributed to the incentive programs to the value of the development that took advantage of the incentive programs. The Discussion Paper on Financing of Growth-Related Infrastructure notes that it is important to calculate and track the cost/benefit ratio (or leverage ratio) for the development that

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results from the Region's investment in incentive programs. This ratio represents a check as to whether the results obtained justify the investment of public funds into private sector projects.

The calculation of cost/benefit ratio, or leverage ratio as referred to in this report, can be done for the total of the CIP programs as well as for individual program types. Table 4 shows that overall, the \$7,216,259 in Regional/Local funding committed to the projects taking advantage of funding available through CIP programs will generate approximately \$65,909,672 in private sector investment as a result of the construction of the committed projects. This represents a healthy overall leverage ratio of approximately 9.1 times the Regional/Local investment.

Because the incentive programs act as a package in most local municipalities, and many of the projects in Table 4 took advantage of more than one program available in a particular municipality, the direct comparison of leverage ratios between program types can lead to incorrect conclusions regarding the relative effectiveness of particular programs. For example, the Commercial Building Façade Improvement Grant/Loan Program has a leverage ratio of 4.0 times which is lower than the leverage ratio of most of the other program types in Table 4. However, participants in the consultation session indicated that the value of this program lies not only in the direct private sector investment benefits, but in the improved visual quality and spin-off investment activity that results from the very visible façade improvements in a downtown area.

Some of the program types, such as the Residential Conversion/ Intensification/Construction Grant/Loan (15.1 times) and the Downtown/Commercial Area Revitalization Tax Increment Grant (10.2 times) have a leverage ratio that is higher than the overall ratio. Some programs, such as the Commercial Building Façade Improvement Grant/Loan (4.0 times) and the Brownfield Tax Increment Based Grant (7.6 times) have leverage ratios that are lower than the overall leverage ratio. However, as previously noted, the leverage ratio alone does not provide conclusive information regarding the cost effectiveness of particular incentive program types.

4.3.2.3 Payback Period

One of the questions raised by the Smarter Niagara Steering Committee when the above-noted programs results were presented to them was regarding the typical "payback period" of the tax increment based grants in Table 4, i.e., the Downtown/Commercial Area Revitalization Tax Increment Grant and the Brownfield Tax Increment Grant. "Payback period" is defined here as the estimated amount of time required for a local municipality and the Region to recoup through increased property tax revenues the amount of tax increment grant supplied to the applicant with no discounting factor for the time value of money has been applied.

To provide an answer to the payback question at the Regional level, an analysis of all the tax increment based grants approved across the Region to date would have to be done to determine the payback period. This is outside the scope of this study. However, to provide some insight into the answer to this question, three applications for the Brownfield Tax Increment Grant in St. Catharines were compared to two applications for the Downtown Tax Increment Grant in St. Catharines and two applications for Downtown Tax Increment Grant in Welland. The payback period for the two Downtown Tax Increment Grant applications in St. Catharines is approximately 9.5 years, and the payback period for the two Downtown Tax Increment Grant applications in Welland is approximately 9.0 years. This contrasts with the payback period for the

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three Brownfield Tax Increment Grant applications in St. Catharines which is approximately 16 years. This result clearly demonstrates that the payback period for typical brownfield redevelopment projects is significantly longer than typical downtown/commercial area redevelopment projects due to the additional costs of remediation and other costs associated with brownfield redevelopment projects. This result suggests that Local and Regional municipalities in Niagara can expect to recoup through increased property tax revenues the amount of tax increment grant supplied to an applicant in less than 10 years for a downtown/commercial area redevelopment project, and in approximately 16 years for a brownfield redevelopment project.

4.3.3 Regional Development Charge Incentive Program Results

Finally, as shown in **Table 5**, between 2003 and 2009, the Region approved 142 applications for Regional Development Charge Reduction for a total reduction in Regional development charges of \$1,783,956. It is estimated that the projects taking advantage of this Regional Development Charge Reduction will produce 374 residential units and 285,905 square feet of non-residential space. However, only 25 (or 18%) of the 142 applications for a Regional Development Charge Reduction achieved the 100% Regional Development Charge reduction for projects that incorporate at least three of the five Smart Growth design criteria. This low level of participating projects incorporating Smart Growth design criteria is of concern. The possible reasons for this are discussed in Section 5.0 of this report.

Table 5 Regional Development Charge Reduction Program Results

Year	Number of Applications	Development Charge Waiver/Exemption	Residential Units	Non-Residential Square Footage
2003	13	\$ 124,213	54	0
2004	9	\$ 234,623	86	6,700
2005	15	\$ 251,071	17	92,344
2006	18	\$ 313,429	21	86,455
2007	26	\$ 232,667	52	44,220
2008	25	\$ 127,996	46	9,055
2009	36	\$ 499,957	98	47,131
TOTAL	142	\$ 1,783,956	374	285,905

4.3.4 Total Regional Funding of Smarter Niagara Incentive Programs

When adding up the funding that the Region has contributed to the preparation of Local CIPs, Local public realm improvement projects, advanced visualization, Local CIP programs and the Regional Development Charge reduction, over the seven year period from 2003 to 2009, the Region has committed approximately \$6,572,234 in funding toward the implementation of its Smarter Niagara Incentive Programs, or an average of just over \$910,000 per year of which an average of \$713,540 per year is for direct provision of grants, loans and Regional development charge reductions. From a budgeting perspective, it is important to note that this average is for only five municipalities who had active CIPs during the 2003 to 2009 time period.

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The demand for Regional funding to prepare CIPs will likely decrease over the next few years with most of the local municipalities in Niagara now having prepared their CIPs. However, as shown in Table 2, the number of local municipalities implementing adopted CIPs will increase in the coming years. Therefore, because the majority of the Smarter Niagara Incentive Programs budget is for the provision of grants and loans, it is anticipated that the average annual Regional budget requirement for the Smarter Niagara Incentive Programs will likely increase in the coming years, even without any increase in the maximum program amounts available under the existing Smarter Niagara Incentive Programs, or the addition of new Smarter Niagara Incentive Programs. Once the increases to maximum Regional funding levels under the existing Smarter Niagara Incentive Programs and new programs are added, it is anticipated that the average annual Regional budget requirement for the Smarter Niagara Incentive Programs will increase.

5.0 CRITICAL NEEDS ANALYSIS

In order to determine critical needs for improvement to the Smarter Niagara Incentive Programs, interviews were conducted with Local CIP Coordinators, other Local Municipal staff, Regional staff responsible for key policy areas, as well as select incentive program applicants and key stakeholders. The Local CIP Coordinators and Regional staff were asked to identify incentive program applicants and key stakeholders to be interviewed. In total, invitations to be interviewed were sent to 27 people and 23 people agreed to be interviewed, including six key stakeholders from the development community. A list of all those interviewed about the Smarter Niagara Incentive Programs is provided in **Appendix D**.

Those interviewed were asked about the effectiveness of the existing Smarter Niagara Incentive Programs, program gaps, possible improvements, administrative issues and future program needs and priorities. The results of these interviews were augmented by the Background Policy Review and feedback received from the Smarter Niagara Steering Committee in order to identify the key critical needs for incentive program revisions and possible new programs. These identified critical needs were used to develop the Draft Preliminary Incentive Program Concepts Report that was circulated to key stakeholders and formed the basis of the stakeholder consultation session held on November 24, 2010.

5.1 Existing Program Effectiveness and Improvements

Generally, those interviewed felt the existing Smarter Niagara Incentive Programs are both appropriate and effective. With the possible exception of the Environmental Assessment Study Grant Program, there was strong support to maintain all the current programs. Façade grants programs were identified as having a highly visible impact that improves the pedestrian environment.

The Local CIP Coordinators and developers interviewed indicated that grants work better than loans, especially for residential intensification, affordable housing and downtown revitalization programs. Some also commented that upfront or project progress grants should be considered for façade and building improvements being made by smaller property owners who may not have enough funding available to initiate projects due to the matching contribution program requirement.

There was also a strong desire to increase maximum incentive program amounts, including the Regional contribution, wherever possible so as to improve the applicability and effectiveness of the incentive programs. This was especially true for heritage restoration and improvement programs as the cost of these projects can be significant. It was also noted that while current brownfield incentive programs are positive, in order to spur more brownfield redevelopment projects, the difference in funding available between brownfield and non-brownfield projects needs to be greater. For example, a brownfield in a downtown should receive significantly more funding than a non-brownfield in the same downtown.

Finally, some of those interviewed stressed that the incentive programs at the Local level (and the accompanying Regional contribution to those programs) need to be more responsive and therefore more flexible to local circumstances and issues. For example, in some downtowns, the

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rehabilitation of existing residential units is as important, or even more important, than creating new residential units.

5.2 Administrative Issues

While the current administration of the Smarter Niagara Incentive Programs was generally viewed as effective, a number of possible improvements were identified. First, the decision by some local municipal finance departments to not front end the Region's share of grants and loans, (including tax increment grants), has created a two-step payment process for the applicant in these municipalities. This practice sees the local municipality paying its share of the grant to the applicant and then waiting for receipt of the Region's share of the grant before providing a second payment to the applicant. The time period between these two payments can often range from two to four weeks, or more. Alternatively, some municipalities wait for receipt of the Region's share of the grant prior to providing a single payment to the applicant. While less cumbersome, this approach still involves a time delay prior to the applicant receiving full payment of the grant or loan as compared to a system where the Local Municipality front ends the Region's share of the payment and then recovers this payment from the Region through a regular reimbursement (e.g., monthly or quarterly) accounting.

The administration of the Smarter Niagara Incentive Programs was originally designed to have the Local Municipalities front end the Region's share of any payment with the Region then reimbursing the Local Municipality on a regular basis, but not necessarily on a per application basis. As the number of applications and number of municipalities requesting Regional funding from the Smarter Niagara Incentive Programs is sure to increase, the current practice being employed by some Local Municipalities of requesting reimbursement on an application by application basis will become more time consuming, cumbersome and less tenable for staff at both the Local and Regional levels. Therefore, it is preferable if payment from the Smarter Niagara Incentive Programs is administered as originally designed, i.e., with the Local Municipalities front ending the Region's share of any payment and the Region then reimbursing the Local Municipality on a regular basis.

Another significant administrative improvement that was identified for the Smarter Niagara Incentive Programs is to have a single staff person at the Regional level responsible for coordinating and responding to local CIP program issues. It was felt that this would help to clarify and standardize program requirements and administrative procedures. The need for a Smarter Niagara Incentive Programs coordinator at the Regional level will likely increase as more municipalities implement their CIPs and therefore request Regional funding from the Smarter Niagara Incentive Programs. Furthermore, less frequent meetings of the Local Municipal CIP Coordinators Group has further highlighted the importance of a single staff person at the Regional level responsible for coordinating and responding to local CIP program issues.

5.3 Program Gaps and Priorities

As previously mentioned, those interviewed felt that the Smarter Niagara Incentive Programs covered a broad range of needs. A number of comments were made regarding program gaps that could possibly be addressed by the Smarter Niagara Incentive Programs. In addition, the Background Policy Review also identified a number of key policy areas that are not adequately

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addressed by the current Smarter Niagara Incentive Programs. These program gaps and strategies for addressing these gaps identified through the policy review, best practices review and the key stakeholder interviews are summarized below.

5.3.1 Building and Façade Improvement Grant/Loan

While the Region does have a matching Building and Façade Improvement Grant/Loan Program, it was suggested that where an applicant was undertaking both façade and building improvements or significant building improvements, the maximum amount offered under the Regional Building and Façade Improvement Grant/Loan Program (\$5,000 for a grant and \$10,000 for a loan) is not sufficient. Alternatively, it was suggested that the Region offer separate programs for building and façade improvement.

5.3.2 Affordable Housing

One of the existing programs gaps identified by a number of those interviewed is the need for a separate program to promote the construction of affordable housing. There are a number of approaches that can be used to implement such a program, including one or more of:

- a) A separate grant/loan program that provides up front grants/loans for, or at least a firm commitment of payment upon completion of, affordable housing units constructed by the not-for-profit and private sectors;
- b) A deferral of development charges for affordable housing by registering the development charge as a second mortgage against the property and having the development charge paid off when the house is sold or after a set period of time.

The above noted affordable housing programs could be funded by an Affordable Housing Reserve Fund as identified in the Regional Policy Plan.

5.3.3 Not-for-Profit Corporations

Another program gap identified is that not-for-profit corporations undertaking improvements to their buildings and properties or constructing new buildings in a downtown or on a brownfield site cannot take advantage of tax increment based grant programs because they do not pay property taxes. Therefore, it was suggested that a separate grant program be established for not-for-profit corporations undertaking such improvements.

5.3.4 Sustainable Forms of Urban Development and Healthy Communities

One of the key program gaps identified by both those interviewed and through the policy review is the need for incentives that promote more sustainable forms of urban development and healthy communities in order to help achieve the goals of the Regional Growth Management Strategy. This includes developments that incorporate LEED certified buildings and neighbourhoods, green buildings, higher densities, and better quality urban design.

Only 25 (18%) of the 142 applications for Regional Development Charge Reduction achieved a 100% reduction of Regional development charges by incorporating Smart Growth design criteria. This ratio is considered to be quite low, and could indicate that current Regional and Local

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incentive programs do not provide enough financial support (or enough of a difference in financial support between projects that promote Smart Growth and those that do not) to encourage most developers to undertake more sustainable forms of urban development.

This finding may also suggest that the Smart Growth design criteria currently used by the Region for the Reduction of Regional Development Charges Program may not provide enough guidance to developers about the types of development that are sustainable and/or may unintentionally exclude certain types development that are sustainable. For example, criteria #3 refers to the “contribution towards the creation of a walkable neighbourhood character”, but there is no indication as to how a non-residential development could contribute to a walkable neighbourhood. Criteria #4 refers to the “creation of a range of housing opportunities and choices” and therefore, criteria #4 does not apply to non-residential projects. It would appear that the Smart Growth design criteria used to determine the level of Regional development charge reduction may be geared more toward residential projects than non-residential projects. This suggests that the Region’s current Smart Growth design criteria need to be reviewed and revised in relation to the Smarter Niagara Incentive Programs.

5.3.5 Farm Building Rehabilitation, New Forms of Agriculture and Value Added Secondary Production

The promotion of farm building rehabilitation, new forms of agriculture and value added secondary production in agricultural areas was identified as a program gap, both in the policy review and by some of the key stakeholders. This issue is seen as one that will become even higher priority over time in terms of the Regional Growth Management Strategy.

5.3.6 Cultural Heritage and the Arts

Financial support for cultural heritage, including the arts, was identified as a key program gap in the policy review and by a number of those interviewed. However, because Section 28 of the *Planning Act* restricts grants and loans to community improvement activities that are property/building based, the ability to provide meaningful incentives to cultural heritage groups through a CIP is limited to building and property improvements. Therefore, in addition to some possible targeting of existing incentive programs to cultural heritage groups, direct funding for cultural heritage activities, either through the existing Public Domain Incentives Program or a separate program, was suggested.

5.3.7 Niagara Gateway Economic Zone and Centre

Finally, incentive programs to help finance the servicing costs and promote sustainable forms of development on employment lands in the Niagara Gateway Economic Zone and Centre were identified as a future priority. These programs will be developed as part of the Niagara Gateway Economic Zone and Centre CIP that is currently underway. Therefore, these programs are not presented in this report.

6.0 PRELIMINARY INCENTIVE PROGRAM CONCEPTS

Based on the results of the background policy review, best practices review, quantitative analysis of the results of the Smarter Niagara Incentive Programs, and interviews with key stakeholders, preliminary incentive program concepts were developed. These consisted of:

- a) proposed revisions to existing Smarter Niagara Incentive Programs; and,
- b) proposed new programs to be added to the existing Smarter Niagara Incentive Programs.

Both the preliminary proposed revisions to existing Smarter Niagara Incentive Programs and preliminary proposed new programs were developed to address the critical needs identified in Section 5.0 of this report. These proposed revisions to the existing Smarter Niagara Incentive Programs and proposed new programs are described below.

6.1 Preliminary Proposed Revisions to Existing Incentive Programs

6.1.1 Regional Development Charge Reduction Program

The current Regional Development Charge Reduction Program offers a reduction of 50% of the applicable development charge for any development in relation to uses other than agricultural use or industrial use located within the boundaries of the designated central urban areas or on a brownfield within the urban area. The Program offers an additional 50% reduction of the applicable development charge in relation to uses other than agricultural use or industrial use where in the opinion of Council of the Region, the development includes at least three of the Region's five Smart Growth design criteria.

Several issues with the Regional Development Charge Reduction Program were noted during the critical needs analysis. First, it was noted that the Regional Development Charge Reduction is not available to industrial uses. Therefore, a brownfield site that is being remediated and redeveloped for industrial use cannot receive a Regional Development Charge Reduction. If a brownfield property is legally designated and zoned for industrial development, this restriction would appear to significantly disadvantage the industrial reuse of that property once it has been remediated. There does not appear to be any logical basis for this restriction.

Next, while 142 applications for Regional Development Charge Reduction have been approved for a total reduction in Regional development charges of \$1,783,956, only 18% of the 142 applications have achieved a 100% reduction of Regional development charges by incorporating Smart Growth design criteria. It is desirable to increase this ratio in order to improve the performance of the Regional Development Charge Reduction Program vis-à-vis achieving the Region's Smart Growth design criteria.

Finally, the critical needs analysis determined that there may not be enough of an incentive difference between brownfield and non-brownfield projects (including downtown projects) to promote brownfield redevelopment. Also, there may not be enough of an incentive difference between projects that incorporate Smart Growth design criteria and those that do not.

In order to address these issues, several revisions to the Regional Development Charge Reduction Program were proposed. These revisions included:

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Concept 6.1.1 a)

Allow industrial redevelopment of a brownfield site outside downtowns to be eligible for the Regional Development Charge Reduction Program.

Concept 6.1.1 b)

Add LEED certification as a criteria to achieve 50% reduction in Regional development charges:

- Option i) Projects located within designated central urban areas or on a brownfield can achieve an additional 50% development charge reduction if they achieve any level of LEED certification; or,
- Option ii) Any project that achieves LEED certification, regardless of location, will receive a 50% development charge reduction. If the project is then within a designated central urban area or on a brownfield, it will receive an additional 50% development charge reduction.

Concept 6.1.1 c)

If the project is on a brownfield site in a designated central urban area, provide a reduction in Regional development charges of 75%. The additional 25% reduction (to 100%) could then be achieved through either incorporation of at least three of the Region's five Smart Growth design criteria or LEED certification.

Concept 6.1.1 d)

Most of the Local Municipal development charge reduction programs allow the costs of environmental remediation approved under a tax increment based grant program to be applied against Local development charges payable. However, the available tax increment grant is then reduced by the amount of remediation costs applied against development charges payable. This is known as an offset. The current Regional Development Charge Reduction Program does not reduce (or offset) the amount the Region contributes to a tax increment based grant program for a brownfield site by the amount of the Regional development charge reduction on that brownfield site.

- Option i) In order to standardize practices between the Region and the Local municipalities, the Region could introduce an offset for brownfield sites similar to that employed by the Local municipalities.
- Option ii) In order to promote brownfield redevelopment projects that incorporate Smart Growth design criteria, the offset of the tax increment grant (Option i above) could be eliminated for brownfield redevelopment projects that incorporate at least three of the Region's five Smart Growth design criteria and/or achieve LEED certification.

Concept 6.1.1 e)

The critical needs analysis indicated that additional clarity may be required regarding the Region's five Smart Growth design criteria. Therefore, it was proposed that the Region develop more detailed Smart Growth design criteria for purposes of the Region's Development Charge Reduction Program.

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6.1.2 Property Rehabilitation and Redevelopment Tax Increment Grant Funding Program

Currently, the Region has a policy of “matching” the percentage and duration of any local property rehabilitation and redevelopment tax increment grant funding program, e.g., a tax increment based downtown revitalization or a tax increment based brownfield redevelopment grant program. In order for the Region’s Property Rehabilitation and Redevelopment Tax Increment Grant Funding Program to better promote brownfields, affordable housing, and sustainable forms of development, it was proposed that the matching policy be amended so that a set tax increment grant for the Regional portion of the property tax increase generated by the project is provided based on a predetermined tax increment grant schedule that favours brownfield redevelopment, affordable housing, and sustainable forms of development.

For example, this predetermined tax increment grant schedule for the Regional share of the tax increment could be as follows:

Concept 6.1.2 a)

Regional Tax Increment Grant Schedule for Projects in Designated Central Urban Areas:

- i) Standard Project = 50% tax increment grant
- ii) Brownfield Redevelopment Project = 75%
- iii) Affordable Housing Project = 75%
- iv) Project that incorporates Smart Growth design criteria = 75%
- v) Project that incorporates two of ii) to iv) above = 90%
- vi) Project that incorporates all three of ii) to iv) above = 100%.

Concept 6.1.2 b)

Regional Tax Increment Grant Schedule for Brownfield Redevelopment Projects:

- vii) Standard Project = 70% tax increment grant
- viii) Designated Central Urban Area = 75%
- ix) Affordable Housing Project = 90%
- x) Project that incorporates Smart Growth design criteria = 90%
- xi) Project that incorporates both ix) and x) above = 100%

6.1.3 Building and Façade Improvement Grant/Loan Program

The main comment during the critical needs analysis regarding the Region’s Building and Façade Improvement Grant/Loan Program was that the maximum funding level of \$5,000 for the grant from the Region is too low. There were also comments made about the Region also providing a grant/loan for side and/or rear façade improvements. There was also some confusion among some local municipalities as to whether or not the Region’s program applies to building improvements. Finally, there were some concerns expressed that some projects that have taken advantage of this program did not achieve an adequate level of urban design. In order to address these issues, a number of revisions to the Region’s Building Improvement and Façade Improvement Grant/Loan Program were proposed as follows:

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Concept 6.1.3 a)

Increase the matching grant available from the Region from the current \$5,000 per property to \$10,000 per property.

Concept 6.1.3 b)

Clarify that the Region's Building and Facade Improvement Grant/Loan Program applies to both façade improvements and/or building improvements and that the entire grant/loan amount is available for either façade or building improvements.

Concept 6.1.3 c)

Require that all projects taking advantage of this Regional grant conform to either applicable local urban design guidelines or the Region's Model Urban Design Guidelines.

Concept 6.1.3 d)

Introduce criteria to guide the provision of upfront funding for certain projects that meet said criteria where the Local Municipality is also providing upfront funding.

6.1.4 Residential Grant/Loan Program

The main comment during the critical needs analysis regarding the Region's Residential Grant/Loan Program was that the maximum funding level of a \$5,000 grant per property from the Region is too low.

In order to address this issue, the following revision to the Residential Grant/Loan Program was proposed:

Concept 6.1.4 a)

Increase the matching grant available from the Region from the current \$5,000 per property to \$7,500 per property.

6.1.5 Heritage Restoration and Improvement Grant/Loan Program

Comments received during the critical needs analysis suggest that the cost of restoring and improving buildings designated under the *Ontario Heritage Act* are quite significant and the current funding programs available for restoration and improvement of heritage buildings are not sufficient to provide a meaningful incentive. Comments were also received regarding the current ineligibility of properties designated under Part V of the *Ontario Heritage Act* (heritage districts) for the Region's Heritage Restoration and Improvement Grant/Loan Program. Currently, only properties designated under Part IV of the *Ontario Heritage Act* are eligible for the Regional Program. Finally, comments were received regarding the ineffectiveness of the Region's existing Heritage Properties Tax Reduction Program (matching to local program up to 40% reduction of property taxes for up to 10 years) in spurring heritage property restoration and improvement. In order to address these issues, a number of revisions to the Region's Heritage Restoration and Improvement Grant/Loan Program and the Region's Heritage Properties Tax Reduction Program were proposed as follows:

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Concept 6.1.5 a)

Increase the matching grant/loan from the Region for residential properties from \$2,500 to \$5,000, and from \$10,000 to \$15,000 for commercial/industrial properties.

Concept 6.1.5 b)

Add properties designated under Part V of the *Ontario Heritage Act* as eligible properties under the program.

Concept 6.1.5 c)

Better promote the existing Heritage Properties Tax Reduction Program (matching to local up to 40% reduction for up to 10 years) to local municipalities, but revise the eligibility requirements of the program so that is only available for heritage properties that have used the Region's Heritage Restoration and Improvement Grant/Loan Program to undertake restoration/ improvements to eligible heritage properties.

6.1.6 Environmental Assessment Study Grant Program

Of all the Smarter Niagara Incentive Programs, this is the only one where comments pertaining to an increase in funding level were not received. Also, only five applications for this program have been processed by local municipalities to date. Therefore, it is not clear that this program is having the desired impact, i.e., promoting the undertaking of environmental site assessments. Therefore, the following revision to the Environmental Assessment Study Grant Program was proposed:

Concept 6.1.6 a)

Phase out the program and shift funding to the other Regional programs that promote brownfield redevelopment.

6.1.7 Public Domain Incentives Program

Comments received during the critical needs analysis indicated that this program is highly valued by the Local Municipalities. While the program currently does give some preference to projects that include heritage and/or public art components, it was suggested that this preference could be strengthened in order to better utilize these projects to support cultural heritage. While the program requires a minimum 6% green component cost, the critical needs analysis indicated that these projects could be greener in order to promote the Region's Smart Growth principles. In order to address these issues, a number of revisions to the Region's Public Domain Incentives Program were proposed as follows:

Concept 6.1.7 a)

Require that a certain percentage of the available funding, e.g., 50%, be provided to projects that incorporate heritage and/or public art components.

Concept 6.1.7 b)

Create a separately funded category under the program that is exclusively for heritage and/or public art themed projects.

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Concept 6.1.7 c)

Increase the minimum 6% green component cost to 10%.

6.2 Proposed New Incentive Programs

The critical needs analysis suggested that a number of new incentive programs should be considered in order to address identified existing programs gaps and key future priorities in the following areas:

- construction of affordable housing.
- not-for-profit corporations undertaking improvements to their buildings and properties or constructing new buildings in a downtown or on a brownfield site cannot take advantage of tax increment based grant programs because they do not pay property taxes.
- promotion of farm building rehabilitation, new forms of agriculture and value added secondary production in agricultural areas;
- support for cultural heritage, including the arts.

In order to address these programs gaps and key future priorities, a number of new Smarter Niagara Incentive Programs were proposed. These proposed new Smarter Niagara Incentive Programs are described below.

6.2.1 Affordable Housing Grant/Loan Program

This new grant program would be available in addition to all of the existing and proposed new incentive programs. Therefore, an affordable housing project would be eligible to apply for the existing Residential Grant/Loan Program and the new Affordable Housing Grant/Loan Program. This program would be funded through a Regional Affordable Housing Reserve Fund. This program would provide a flow through grant/loan to projects constructing affordable housing. The Affordable Housing Grant/Loan Program would provide a matching grant/loan working on the same basis as the existing Residential Grant/Loan Program with the maximum Regional grant/loan for affordable housing equal to \$7,500 per unit and a maximum of 20 units per property.

6.2.2 Regional Development Charge Deferral Program for Affordable Housing

This proposed program would provide a deferral of Regional development charges payable on private and public sector affordable housing projects. The Regional development charges would not be paid as normal at the time of building permit issuance. Instead, the Regional development charge payable would be registered on title as a second mortgage. This second mortgage would be paid off when the unit is sold (ownership unit) or within a set period of time (ownership unit/rental unit). This type of program has been utilized in the private sector to improve the affordability of residential units.

6.2.3 Agricultural Feasibility Study Grant

This program would provide a matching grant equal to up to \$7,500 for studies that determine if existing agricultural/rural buildings and facilities can be converted or adapted to specialty in-

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demand agricultural or agri-tourism uses, as well as business plans for new agriculture and agriculture related uses. Eligible studies include but are not limited to:

- a) structural analyses;
- b) evaluation of existing and proposed mechanical, electrical and other building systems;
- c) concept plans;
- d) market analyses;
- e) business plans; and,
- f) other feasibility study as approved by the Local Municipality.

The feasibility study must provide significant information with respect to one or more aspects of the structural/engineering feasibility of the project and associated costing, conceptual feasibility, and/or the market/economic feasibility of the project.

6.2.4 Agricultural Buildings and Facilities Revitalization Grant

This program would provide a matching tax increment based grant for up to ten (10) years similar to the Property Rehabilitation and Redevelopment Tax Increment Funding Program Grant Programs for physical improvements to existing agricultural properties, buildings and facilities that promote farm building rehabilitation, new forms of agriculture, and value added secondary production in agricultural areas.

6.2.5 Direct Funding for Cultural Heritage and Arts Projects and Programs

The critical needs analysis identified a clear need to support cultural heritage including the arts. Discussions with Local and Regional staff and a meeting with the Region's Culture Committee confirmed that this need for financial support is both for physical structures (buildings) and program activities. Grants and loans can be provided under Section 28 of the *Planning Act* for the development, redevelopment, construction and reconstruction of lands and buildings for rehabilitation purposes or for the provision of energy efficient uses, buildings, structures, works, improvements or facilities. These grants and loans can even be targeted to certain uses such as cultural heritage/arts uses. However, Section 28 of the *Planning Act* cannot be used to provide grants and loans for activities that do not involve the development, redevelopment, construction and reconstruction of lands and buildings. Therefore, the use of incentive programs within a CIP adopted under Section 28 of the *Planning Act* is limited in its ability to address the critical needs of cultural heritage groups.

The proposed revisions to the existing Heritage Restoration and Improvement Grant/Loan Program (Section 6.1.5) and the existing Public Domain Incentives Program (Section 6.1.7) would improve the ability of these programs to support cultural heritage. However, because Section 28 of the *Planning Act* is limited in its ability to directly address the program and other needs of cultural heritage groups, it was proposed recommended that these needs be directly addressed through a separate **Funding Program for Cultural Heritage and Arts Projects**.

7.0 STAKEHOLDER AND PUBLIC CONSULTATION

This section of the reports contains a summary of the stakeholder and public consultation conducted to obtain input on the preliminary Smarter Niagara Incentive Program concepts contained in Section 6.0 of this report. A detailed description of the stakeholder and public consultation is contained in **Appendix E**. Input received from the stakeholder and public consultation exercise was used to revise the preliminary incentive program concepts contained in Section 6.0 of this report and ultimately produce the final recommendations regarding the Smarter Niagara Incentive Programs contained in Section 8.0 of this report.

7.1 Stakeholder Consultation

7.1.1 Methodology

The project consultant and Regional staff developed a list of 72 key stakeholders who were invited to attend a stakeholder consultation session that was held on November 24, 2010. This list included a broad range of local municipal and Regional staff and representatives from the development and real estate industries, downtown BIAs, and chamber of commerce representatives. In total, 39 key stakeholders (54% of those invited) attended the consultation session. Prior to the consultation session, the key stakeholders were sent a copy of the Draft Preliminary Incentive Program Concepts.

At the Stakeholder Consultation Session, the project consultant presented the proposed revisions to the existing Smarter Niagara Incentive Programs and the proposed new incentive programs. Following the presentation, those in attendance were divided into four (4) pre-assigned workshop groups. In relation to the proposed revisions to the existing Smarter Niagara Incentive Programs and the proposed new incentive programs, the workshop groups were asked to determine and discuss:

- i) Their support for the proposed incentive program concept;
- ii) Preferred incentive program concept where there was more than one concept presented;
- iii) Improvements and refinements that could be made to the proposed incentive program concepts; and,
- iv) Any required key incentive program revisions or new incentive programs that were not listed.

Each of the group facilitators took summary notes of the group discussions on flip charts. At the end of the consultation session, each workshop group then utilized these flip charts to report the results of their discussion back to the entire audience. The flip charts were then collected and further analyzed by the project consultant. Those in attendance were also invited to send written comments to Regional staff. Written comments were received from two people in attendance at the consultation session. These written comments were also analyzed by the project consultant.

Finally, once the Draft Report containing recommendations was prepared in September of 2011, this report was circulated to the Local Municipal CIP Coordinators and the Draft Report was presented to the Local Municipal CIP Coordinators at a meeting held on October 14, 2011. Verbal and written comments received from the Local Municipalities during and after the meeting were reviewed prior to finalization of this report.

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7.1.2 Results

The results of the Stakeholder Consultation Session are presented below. General comments about the incentive programs are presented first. This is followed by a review of the program specific comments provided by each workshop group and written comments that were received.

7.1.2.1 General Comments

The Review and Update of the Smarter Niagara Incentive Programs was well received by key stakeholders who reinforced the need to review and update the Smarter Niagara Incentive Programs at this time. The key stakeholders indicated that they were generally supportive of the approach and methodology used to develop the proposed incentive program concepts. The key stakeholders supported most of the proposed incentive program concepts, but suggested a number of revisions and refinements.

A few of the keys stakeholders pointed out that some of the consultation session participants did not have a good understanding of the existing Smarter Niagara Incentive Programs. This was in fact also observed during the discussions in the workshop groups. This finding suggests that both the Region and Local Municipalities need to concentrate more on educating key stakeholders about the available incentive programs and how they work.

In terms of administration of the existing programs, there was some confusion on the part of the local municipalities regarding the administration of the Smarter Niagara incentive programs. The need for a Regional Smarter Niagara Incentive Programs Coordinator was cited as very important to the ongoing administration of the Smarter Niagara Incentive Programs.

The workshop participants raised a number of concerns around the complexity of administering some of the more progressive incentive programs proposed such as the proposed revisions to the Regional Development Charge Reduction Program and the Property Rehabilitation and Redevelopment Tax Increment Grant Funding Program. While generally supportive of the policy principles behind the proposed revisions, a number of participants saw the proposed program revisions as too complex. Yet, there was general support for the proposal to develop more detailed Regional Smart Growth Design Criteria.

From a policy perspective, several issues were raised by the key stakeholders who participated in the consultation session. First, the now long-standing principle of the Region requiring matching funding from local municipalities for the Smarter Niagara Incentive Programs was questioned by some key stakeholders. Some participants felt that this long standing principle should be revisited for incentive programs that could be seen more as a Regional responsibility and/or programs where the local municipalities would have difficulty providing matching funding, e.g., affordable housing and promoting agriculture.

Another policy issue that was discussed in at least two of the workshop groups is whether CIP incentive programs should even be used to support cultural heritage and affordable housing. While consensus was reached on this issue, a number of key stakeholders felt these issues are more suited to being addressed through direct funding that is not CIP based.

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The issue of ensuring adequate funding for the Smarter Niagara Incentive Programs was raised by all the workshop groups. Clearly, there is concern that all the Smarter Niagara Incentive Programs be adequately funded into the future. While there was general support for a number of the proposed incentive program funding increases and new incentive programs, some key stakeholder suggesting that all approved Smarter Niagara Incentive Programs be adequately funded, even if that means fewer programs are approved than those being proposed.

Finally, several key stakeholders indicated that it is important to determine and make clear to the key stakeholders the impact of changes to existing programs on existing approved projects, especially large multi-phase projects, and the impact on projects currently going through the incentive application process.

7.1.2.2 Program Comments

During the workshop sessions, the key stakeholders provided numerous comments on the proposed preliminary incentive program concepts. A summary of the comments from the workshop groups on the specific preliminary incentive program concepts is provided in **Table E-1 in Appendix E**. Applicable additional written comments on the specific preliminary incentive program concepts received after the consultation session are also summarized in Table E-1. Where a cell is blank in Table E-1, no comment was provided on that particular incentive program concept. Therefore, general support for that concept can be assumed.

7.2 Public Consultation

7.2.1 Methodology

Based on input received during and after the stakeholder consultation session, a number of revisions were made to the Preliminary Incentive Program Concepts contained in the November 2010 Draft Report. These revised Preliminary Incentive Program Concepts were then presented at a Public Open House held on March 23, 2011.

The public open house was attended by five members of the public including several development industry representatives, as well as two Local Municipal CIP coordinators. Those attending the public open house were provided with a comment sheet where they could rate the importance of the proposed revised and new Smarter Niagara Incentive Programs. Three comment sheets were received along with one comment via e-mail.

7.2.2 Results

7.2.2.1 General Comments

Those in attendance at the public open house were generally very supportive of the revisions to the preliminary incentive program concepts. Several themes emerged from the comments received during and after the public open house which reinforce comments received during the stakeholder consultation session, including a need for:

- Clear incentive programs that can be easily understood and applied for;

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- Greater clarity with respect to the Smart Growth Design Criteria that apply to the Regional Development Charges Reduction Program; and,
- The Region to fill the Smarter Niagara Incentive Programs Coordinator position with a qualified person as soon as possible.

7.2.2.2 Program Comments

Comments from the public open house showed very strong support for most of the proposed revisions to the existing Smarter Niagara Incentive Programs. While there was generally support for the proposed new incentive programs, this support was not as strong as the support for the proposed revisions to the existing Smarter Niagara Incentive Programs. Several of the participants at the public open house expressed concern that the addition of new programs (such as the programs to support affordable housing and agriculture) not jeopardize funding for the existing core Smarter Niagara Incentive Programs which have been very successful to date. There was concern that with a limited amount of funding for the Smarter Niagara Incentive Programs, and more local municipalities drawing on the existing Smarter Niagara Incentive Programs in the coming years, that the proposed new incentive programs potentially stray too far from the original intent of the Smarter Niagara Incentive Programs which was to promote and encourage:

- Brownfield redevelopment;
- Downtown and commercial core area redevelopment;
- Residential conversion and intensification; and,
- Heritage restoration and improvement.

(See Reports CAO 8-2002 and CAO 13-2002)

8.0 INCENTIVE PROGRAM RECOMMENDATIONS

The recommendations regarding the Smarter Niagara Incentive Programs contained in this section of the report were developed based on a comprehensive methodology as outlined in Section 1.3 of this report. This methodology included:

- A policy review key Regional policy documents and reports to determine policy direction for the Smarter Niagara Incentive Programs;
- A review of innovative best incentive program practices used by other Ontario municipalities;
- Review and quantitative analysis of the uptake and economic results of the Smarter Niagara Incentive Programs from 2003 until 2009;
- Interviews with key stakeholders who have an interest in the Smarter Niagara Incentive Programs;
- The identification of program gaps, possible improvements, administrative issues and future program needs and priorities for the Smarter Niagara Incentive Programs;
- Preparation of Preliminary Incentive Program Concepts;
- Review of comments received from key stakeholders during and after a Stakeholder Consultation Session and Public Open House;
- Preparation of Incentive Program Recommendations based on the Preliminary Incentive Program Concepts and the comments received during and after the Stakeholder Consultation Session; and,
- Finalization of the Incentive Program Recommendations and preparation of this Final Report based on comments received during and after a consultation session held with the Local Municipal CIP Coordinators in October of 2011.

The recommended revisions to the existing Smarter Niagara Incentive Programs and the recommended new programs to be added to the Smarter Niagara Incentive Programs are summarized in **Table 6** below. Revisions to six of the existing seven Smarter Niagara Incentive Programs are recommended, while no change is recommended to the Environmental Assessment Study Grant Program, which will remain in effect as is. Three new programs are recommended for addition to the Smarter Niagara Incentive Programs.

A detailed description of the recommended program revisions and new programs is provided following Table 6 in Sections 8.1 and 8.2. General administrative guidelines (as applicable) for each of the recommended revised and new Smarter Niagara Incentive Programs is contained in **Appendix F**. Sections 8.3, 8.4 and 8.5 contain administration, budget and other recommendations for the Smarter Niagara Incentive Programs.

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Table 6 Summary of Recommended Smarter Niagara Incentive Program Revisions and New Programs

Reference Number	Program Name	Type of Program Change	Description
8.1.1	Regional Development Charge Reduction Program	Revision	<ul style="list-style-type: none"> a) Make brownfield sites that are being redeveloped for industrial use outside downtowns eligible. b) Develop clearer and more complete Smart Growth Design Criteria. c) If project is on a brownfield and in central urban area, provide automatic 75% reduction in Regional development charges instead of 50%.
8.1.2	Property Rehabilitation and Redevelopment Tax Increment Funding Program	Revision	<ul style="list-style-type: none"> a) Region will continue to match local percentage tax increment grant, but if project is brownfield redevelopment, affordable housing or conforms to Region's Smart Growth Design Criteria, Region will provide minimum 75% tax increment grant.
8.1.3	Building and Façade Improvement Grant/Loan	Revision	<ul style="list-style-type: none"> a) Clarify that Regional grant/loan applies to both façade and building improvement and full amount available for either type. b) Increase matching grant/loan from Region for front façade improvement and/or building improvement from \$5,000 to \$10,000. c) Introduce a matching grant/loan from Region for side and/or rear façade improvement of up to \$10,000. d) Require that all façade improvements conform to Local Municipal urban design guidelines or the Region's Model Urban Design Guidelines.
8.1.4	Residential Grant/Loan Program	Revision	<ul style="list-style-type: none"> a) Increase matching grant from Region from \$5,000 per unit to \$7,500 per unit.
8.1.5	Heritage Restoration and Improvement Grant/Loan	Revision	<ul style="list-style-type: none"> a) Increase matching grant/loan from Region for designated residential properties from \$2,500 to \$5,000 and from \$10,000 to \$15,000 for designated commercial/ industrial properties. b) Add properties that included within boundary of heritage conservation district designated under Part V of the Ontario Heritage Act as eligible.
8.1.6	Public Domain Incentives Program	Revision	<ul style="list-style-type: none"> a) Evaluate applications using Region's new Smart Growth Design Criteria.

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Table 6 Summary of Recommended Smarter Niagara Incentive Program Revisions and New Programs (Cont'd)

8.2.1	Affordable Housing Grant/Loan Program	New	Program provides matching Regional grant/loan for construction of new or renovation of existing residential units for affordable housing. Matching contribution from Local Municipality required with maximum Regional grant/loan of \$7,500 per unit and maximum of 20 units per property. This grant/loan would be available in addition to the existing Residential Grant/Loan.
8.2.2	Agricultural Feasibility Study Grant	New	Program provides matching Regional grant for studies that determine if existing agricultural/rural buildings and facilities can be converted or adapted to specialty in-demand agricultural or agri-tourism uses, as well as business plans for new agriculture and agriculture related uses. Matching contribution from Local Municipality required with maximum Regional grant of \$7,500.
8.2.3	Agricultural Buildings and Facilities Revitalization Grant	New	Program provides matching tax increment based grant for up to ten (10) years for physical improvements to existing agricultural properties, buildings and facilities that promote farm building rehabilitation, conversion to bio-fuels, new forms of agriculture, and value added secondary production in agricultural areas.
8.2.4	Direct Funding for Cultural Heritage and Arts Projects and Programs	NA	It is recommended that the program and other needs of cultural heritage groups be directly addressed through a separate Funding Program for Cultural Heritage and Arts Projects that falls outside the auspices of a CIP program.

8.1 Recommended Revisions to Existing Incentive Programs

8.1.1 Regional Development Charge Reduction Program

Description of Existing Program

The current Regional Development Charge Reduction Program offers a reduction of 50% of the applicable development charge for any development in relation to uses other than agricultural use or industrial use located within the boundaries of the designated central urban areas or on a brownfield within the urban area. The Program offers an additional 50% reduction of the applicable development charge in relation to uses other than agricultural use or industrial use located within the boundaries of the designated central urban areas or on a brownfield within the urban area where in the opinion of Council of the Region, the development includes at least three of the Region's five Smart Growth design criteria.

Recommended Revisions to the Existing Program

Revision 8.1.1 a)

Amend the Regional Development Charges By-law to allow brownfield sites that are being redeveloped for industrial use outside downtowns to be eligible for the Regional Development Charge Reduction Program.

Revision 8.1.1 b)

The Region will develop clearer and more complete Smart Growth Design Criteria. The existing criteria will be clarified, detailed and augmented as necessary to provide better guidance to project proponents on how to adequately incorporate the Region's Smart Growth design criteria into their projects. The actual preparation of new Smart Growth Design Criteria is outside the scope of the Review and Update of the Smarter Niagara Incentive Programs.

It is recommended that the Region also determine whether or not it will continue to rely on internal review of applications that seek out the additional 50% Regional Development Charge Reduction for incorporation of Smart Growth design criteria, or whether it will allow qualified professionals to certify that a project adequately incorporates the Region's Smart Growth Design Criteria.

Transition Rule for Revision 8.1.1 b)

Applications previously approved/not approved for a Regional Development Charge Reduction will not be permitted to reapply or request reconsideration.

Revision 8.1.1 c)

If the project is on a brownfield site **and** in a designated central urban area, the Region will provide a 75% reduction of the Regional Development Charges payable. The additional 25% reduction (to 100%) could then be achieved through incorporation of the Region's Smart Growth design criteria.

8.1.2 Property Rehabilitation and Redevelopment Tax Increment Funding Program

Description of Existing Program

The Region has a policy of “matching” the percentage and duration of any local property rehabilitation and redevelopment tax increment grant funding program, e.g., a tax increment based downtown revitalization or a tax increment based brownfield redevelopment grant program.

Recommended Revisions to the Existing Program

Revision 8.1.2 a)

The Region will continue to match the percentage and duration of any local property rehabilitation and redevelopment tax increment grant paid by the local municipality, but if the project is a brownfield redevelopment project, affordable housing project, or it conforms to the Region’s Smart Growth design criteria, it will receive a minimum 75% Regional Property Rehabilitation and Redevelopment Tax Increment Grant.

Transition Rule for Revision 4.1.2 a)

Applications previously approved/not approved for a Regional Property Rehabilitation and Redevelopment Tax Increment Grant will not be permitted to reapply or request reconsideration.

8.1.3 Building and Façade Improvement Grant/Loan Program

Description of Existing Program

The Region provides a matching grant or loan on a cost shared basis with the local municipality for the structural improvement of buildings and/or the improvement of building facades. The maximum grant from the Region is \$5,000 per property and the maximum matching loan from the Region is \$10,000 per property.

Recommended Revisions to the Existing Program

Revision 8.1.3 a)

Clarify that the Region’s matching Building and Facade Improvement Grant/Loan applies to both façade improvements and/or building improvements and the entire amount is available for either façade or building improvements.

Revision 8.1.3 b)

Increase the matching grant for front façade improvement and/or building improvement available from the Region from the current \$5,000 per property to \$10,000 per property.

Revision 8.1.3 c)

Introduce a matching grant/loan component for side and/or rear façade improvements on a cost shared basis with the local municipality with a maximum grant/loan from the Region for side and/or rear façade improvements of \$10,000.

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Revision 8.1.3 d)

The Region will require that all façade improvement projects taking advantage of this Regional program must conform to either applicable local urban design guidelines that are aligned with the Region's Model Urban Design Guidelines, or alternatively, the Region's Model Urban Design Guidelines.

8.1.4 Residential Grant/Loan Program

Description of Existing Program

The Region provides a matching grant or loan on a cost shared basis with the local municipality to promote residential conversion, infill and intensification. The maximum grant from the Region is \$5,000 per unit and 20 units per property. The maximum matching loan from the Region is \$10,000 per unit and 20 units per property.

Recommended Revisions to the Existing Program

Revision 8.1.4 a)

Increase the matching grant available from the Region from the current \$5,000 per unit to \$7,500 per unit.

8.1.5 Heritage Restoration and Improvement Grant/Loan Program

Description of Existing Program

The Region provides a matching grant or loan on a cost shared basis with the local municipality to promote the restoration and improvement of buildings designated under Part IV of the Ontario Heritage Act. The Region provides a maximum grant or loan of \$2,500 per residential property and \$10,000 per commercial or industrial property.

Recommended Revisions to the Existing Program

Revision 8.1.5 a)

Increase the matching grant/loan from the Region for designated residential properties from \$2,500 to \$5,000 and from \$10,000 to \$15,000 for designated commercial/industrial properties.

Revision 8.1.5 b)

Add properties that are included within the boundary of heritage conservation district designated under Part V of the *Ontario Heritage Act* as eligible properties under the Heritage Restoration and Improvement Grant/Loan Program.

8.1.6 Public Domain Incentives Program

Description of Existing Program

The Region provides a matching grant on a cost shared basis with the local municipality to a maximum grant from the Region of \$100,000 per project to support public realm improvements already identified in or in compliance with municipal planning documents including CIPs,

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Secondary Plans or Official Plans. This programs is based on a competitive evaluation process whereby the project must meet the Region's eligibility criteria. These criteria include a "green component" constituting a minimum of 6% of overall project cost and compliance with local urban design guidelines or the Region's Model Urban Design Guidelines. Preference is given to projects that include heritage and/or public art components.

Recommended Revisions to the Existing Program

Revision 8.1.6 a)

In addition to the current program criteria, applications to this program should also be evaluated using the Region's new Smart Growth Design Criteria as applicable to public sector projects (see Revision 8.1.1 b)).

8.2 Recommended New Incentive Programs

8.2.1 Affordable Housing Grant/Loan Program

Recommended Program

This grant/loan program would provide a matching Regional grant or loan for construction of new or renovation of existing residential units for affordable housing. This grant or loan would work on the same basis as the existing Residential Grant/Loan Program (matching contribution from Local Municipality) with a maximum Regional grant or loan of \$7,500 per unit and maximum of 20 units per property. This program would be funded through a Regional Affordable Housing Reserve Fund. This grant would be available in addition to the existing Residential Grant/Loan.

Program Notes

"Affordability" for rental and ownership units must be clearly defined for this program through the use of qualifying criteria.

A mechanism must be developed to ensure the unit remains affordable over an extended period of time, e.g., registration of a mortgage or other encumbrance for the grant/loan amount on title.

The requirement for a matching Local Municipality contribution will be reviewed as Local Municipalities may have difficulty matching the Regional grant portion.

The details of this program, including the program definition of affordability, the specific mechanism to be utilized to ensure that units remain affordable, and program administration, will be developed in consultation with Niagara Regional Housing and the Local Municipalities.

8.2.2 Agricultural Feasibility Study Grant

Recommended Program

This program would provide a matching grant equal to up to \$7,500 for studies that determine if existing agricultural/rural buildings and facilities can be converted or adapted to specialty in-

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demand agricultural or agri-tourism uses, as well as business plans for new agriculture and agriculture related uses. Eligible studies include but are not limited to:

- a) structural analyses;
- b) evaluation of existing and proposed mechanical, electrical and other building systems;
- c) concept plans;
- d) market analyses;
- e) business plans; and,
- f) other feasibility study as approved by the Local Municipality.

The feasibility study must provide significant information with respect to one or more aspects of the structural/engineering feasibility of the project and associated costing, conceptual feasibility, and/or the market/economic feasibility of the project.

Program Notes

The requirement for a matching Local Municipality contribution will be reviewed as Local Municipalities may have difficulty matching the Regional grant portion.

Implementation of this program will require that participating Local Municipalities prepare an Agricultural CIP that contains this program or a comprehensive/multi-purpose CIP that contains this program, or that the Region prepare a master level CIP that contains this program and that participating Local Municipalities can adopt.

8.2.3 Agricultural Buildings and Facilities Revitalization Grant

Recommended Program

This program would provide a matching tax increment based grant for up to ten (10) years similar to the Property Rehabilitation and Redevelopment Tax Increment Funding Program Grant Program. The Agricultural Buildings and Facilities Revitalization Grant would be for physical improvements to existing agricultural properties, buildings and facilities that promote farm building rehabilitation, conversion to bio-fuels, new forms of agriculture, and value added secondary production in agricultural areas. The eligible activity must result in an increase in assessment value, and therefore property taxes.

Program Notes

Implementation of this program will require that participating Local Municipalities prepare an Agricultural CIP that contains this program or a comprehensive/multi-purpose CIP that contains this program, or that the Region prepare a master level CIP that contains this program and that participating Local Municipalities can adopt.

8.2.4 Direct Funding for Cultural Heritage and Arts Projects and Programs

Recommended Program

The revision to the existing Heritage Restoration and Improvement Grant/Loan Program (Section 8.1.5) has been designed to help improve the ability of this program to support cultural heritage. However, because Section 28 of the *Planning Act* cannot be used to provide grants and loans for activities that do not involve the development, redevelopment, construction and reconstruction of

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lands and buildings, the Region and Local Municipalities are very limited in their ability to directly address program and other critical needs of cultural heritage groups. Therefore, it is recommended that the program and other needs of cultural heritage groups be directly addressed through a separate Funding Program for Cultural Heritage and Arts Projects that falls outside the auspices of a CIP program.

Program Notes

Any future proposed program to provide direct funding for Cultural Heritage and Arts Projects and Programs should link to the Region's Culture Plan.

8.3 Administration Recommendations

The following recommendations apply to the administration of the Smarter Niagara Incentive Programs. Implementation of these recommendations will make the administration of the Smarter Niagara Incentive Programs more efficient, timely and responsive. However, cooperation between the two tiers will be required to fully implement these recommendations, and in particular, the recommendations that require Local Municipal participation.

8.3.1 CIP Contacts Group

Several participants in the consultation session mentioned that communication and information sharing around CIP programs had decreased since the CIP Contacts Group stopped meeting on a regular basis a few years ago. This may have contributed to the lack of clarity with respect to program eligibility and administration procedures with respect to the Smarter Niagara Incentive Programs on the part of some Local Municipal CIP Coordinators and other Local Municipal staff. *Therefore, it is recommended that the CIP Contacts Group begin meeting again on a regular basis (3 to 4 times per year) and that Regional staff coordinate these meetings, take meeting notes, and disseminate these notes to all members of the CIP Contacts Group.*

8.3.2 Smarter Niagara Incentive Programs Coordinator

It is recommended that the Region establish an Incentive Programs Coordinator position and that this position be responsible for a number of roles, including but not necessarily limited to:

- a) acting as a liaison between Local Municipal CIP coordinators staff and Regional planning, finance, legal and other staff with regards to the administration of the Smarter Niagara Incentive Programs;*
- b) receiving, processing and administering requests for matching Regional program assistance from the Local Municipalities;*
- c) planning and coordinating meetings of the CIP Contacts Group, including the dissemination of meeting notes and required follow-up;*
- d) marketing the Smarter Niagara Incentive Programs to property owners, developers, and others both within and outside the Region;*
- e) monitoring Smarter Niagara Incentive Program spending and results and reporting these results to Regional Council on a regular basis;*
- f) liaising with Local Municipal CIP coordinators to obtain monitoring data, and ensure this data is collected and organized in a consistent and standardized manner;*

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- g) developing revisions to the Smarter Niagara Incentive Programs based on monitoring results and ongoing input from the Local Municipal CIP coordinators and other key stakeholders; and,***
- h) acting as a project expeditor in relation to project issues involving the Smart Growth Incentive Programs.***

The ideal candidate for the Smarter Niagara Incentive Programs Coordinator position will possess a strong planning and/or economic development background. The ideal candidate will also possess strong analytical, statistical, report writing, presentation, and communication skills. The ideal candidate will also have some policy development and marketing experience as well as experience dealing with finance and legal (agreements and contracts) matters in relation to land development. ***Based on current and anticipated future levels of incentive program applications within the Region, it is recommended that the Incentive Programs Coordinator position be a full-time position and that one Regional staff person be dedicated solely to the responsibilities outlined above.***

8.3.3 Incentive Program Monitoring and Reporting

Another comment that was made by several of the key stakeholders was that incentive program monitoring and reporting of monitoring results needs to be improved in several ways. First, the local municipal cost input data and economic impact data used to calculate program funding and results (see Section 4.3) has been maintained by the local municipalities in varying formats, level of detail and time periods. In some municipalities, this data was not readily available and had to be assembled strictly for the purposes of this study. This made analysis and comparison of program input and results data between different municipalities, and the aggregation of this data to provide results for the Region as a whole, very difficult and time consuming. In addition, monitoring results are formally reported at differing intervals and in different formats by different local municipalities.

Therefore, it is recommended that the Region in consultation with Local Municipalities develop a standardized framework for monitoring and reporting incentive program funding (inputs) and economic and other impacts (outputs). This standardized format should be utilized by all local municipalities within Niagara Region to prepare annual monitoring reports of their incentive programs (CIP programs and development charge reduction programs). ***It is recommended that the Incentive Programs Coordinator be responsible for assisting in the development of this standardized incentive programs monitoring and reporting framework. Further, it is recommended that the Incentive Programs Coordinator would then be responsible for assembling data from Regional departments and the Local Municipalities and providing an annual report and updates (as required) regarding progress on implementation of the Smarter Niagara Incentive Programs to the Smarter Niagara Steering Committee and Regional Council.***

8.3.4 Financial Administration

The decision by some local municipal finance departments to not front-end the Region's share of grants and loans, (including tax increment grants), has resulted in a lengthier and more complicated process for the payment of grants and loans to successful applicants in these municipalities. As the number of municipalities with CIP incentive programs increases in

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Niagara, the number of municipalities requesting Regional funding from the Smarter Niagara Incentive Programs is sure to increase. The current practice being employed by some local municipalities of requesting reimbursement on an application by application basis will become more time consuming, cumbersome and less tenable for staff at both the Local and Regional levels. Continuation of this practice also makes payment of the grant or loan more complicated for the successful applicant. Furthermore, the administration of the Smarter Niagara Incentive Programs was originally designed to have the Local Municipalities front end the Region's share of any payment with the Region then reimbursing the Local Municipality on a regular basis, but not necessarily on a per application basis. It was not designed to be, as one stakeholder put it, a "treasurer to treasurer transaction".

Therefore, it is recommended that the Smarter Niagara Incentive Programs be financially administered as originally intended, i.e., with Local Municipalities front-ending the Region's share of any approved incentive program payment, and the Region then reimbursing the Local Municipality on a regular basis, e.g., quarterly. To further streamline payment of approved tax increment grant payments, it is recommended that the local municipality simply retain the portion of the annual Regional tax increment collected by the local municipality (as this amount will be known) and provide a single payment to the successful applicant of the Local/Regional tax increment grant. Prior to providing this payment, local municipality staff would notify Regional staff of the amount of this payment and obtain Regional staff concurrence on the amount of the payment. The balance of the Regional property taxes collected on that property by the local municipality would be forwarded to the Region as normal.

8.4 Budget Recommendations

The Region has been budgeting approximately \$750,000 per year for implementation of the Smarter Niagara Incentive Programs. This budget has been used to fund:

- i) the direct provision of grants and loans to the Local Municipalities for approved Local Municipal CIP program applications;
- ii) grants for Local Municipal public domain improvement projects;
- iii) Regional Development Charge Reductions;
- iv) the preparation of Local Municipal CIPs; and,
- v) advanced visualization exercises related to individual redevelopment projects/districts in the local municipalities.

The Public Domain Incentives Program has been growing in popularity with the Region spending almost \$400,000 on this program in 2010. However, the Public Domain Incentives Program is funded from monies not spent in the current budget year and previous budget years. As demand for the other incentive programs is anticipated to increase in future years along with demand for the Public Domain Incentives Program, this approach to budgeting for the Public Domain Incentives Program is not viewed as sustainable. ***Therefore, it is recommended that a portion of the total annual budget for the Smarter Niagara Incentive Programs be dedicated to the Public Domain Incentives Program.***

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Of the above-noted items, only advanced visualization does not relate to implementation of the Smarter Niagara Incentive Programs. Advanced visualization represents a local planning exercise, and therefore it is not appropriate to fund this item from the budget established for the Smarter Niagara Incentive Programs. While CIPs can also be considered a local planning exercise, they differ from other local planning work in that CIPs establish the framework for and permit the flow of Smarter Niagara Incentive Program funding to the Local Municipalities. Therefore, it is appropriate to fund CIPs from the Smarter Niagara Incentive Programs budget as they are an enabling planning tool for the Smarter Niagara Incentive Programs.

The issue of “budget scope creep” with respect to the Smarter Niagara Incentive Programs budget being targeted for funding of local planning work is one that the Region must address immediately. For example, a report prepared by the Policy Task Force of the Regional Niagara Bicycling Committee (RNBC) recently recommended that the Region’s Integrated Community Planning (ICP) Department provide an incentive to Local Municipalities for cost-sharing of the preparation of Local Municipal Bicycle Master Plans. The RNBC report proposed that this cost-sharing be in the form of a 50% matching grant paid to the Local Municipality for the cost of preparing a Local Municipal Bicycle Master Plan, to a maximum grant from the Region of \$25,000. This is very similar to the grant provided by the Region to Local Municipalities to prepare CIPs. The RNBC report argues that the ICP has a cost sharing structure in place for local planning studies. However, as already stated, this is not the intention of the grant program that the Region has in place for the preparation of Local CIPs. The Region helps local municipalities fund the preparation of CIPs because approved CIPs are the primary way in which the Region flows Smarter Niagara incentives Programs funding to the local municipalities. The Regional funding for CIPs is not meant for other local planning studies. ***Therefore, it is recommended that:***

- a) Advanced visualization exercises no longer be funded from the Smarter Niagara Incentive Programs budget; and,***
- b) Local plans and Local planning exercises/work other than Local CIPs not be funded from the Smarter Niagara Incentive Programs budget.***

While the demand for Regional funding to prepare CIPs will likely decrease over the next few years because most of the local municipalities in Niagara now having prepared their CIPs, the number of local municipalities implementing adopted CIPs will increase in the coming years. Therefore, because most of the Smarter Niagara Incentive Programs budget is for the provision of grants, loans and Regional development charge reductions, it is anticipated that the average annual Regional budget requirement for the Smarter Niagara Incentive Programs will likely increase somewhat in the coming years, even without the increase in the maximum program amounts available under the existing Smarter Niagara Incentive Programs or the addition of new Smarter Niagara Incentive Programs recommended in this report.

If all the recommended revisions to the existing Smarter Niagara Incentive Programs and new programs recommended in this report are approved, it is anticipated that the average annual Regional budget requirement for the Smarter Niagara Incentive Programs (currently \$750,000 per year) will increase significantly. It is anticipated that this increase in budget requirement could be up to \$250,000 per year over and above the current \$750,000 that is budgeted per year by the Region for the Smarter Niagara Incentive Programs. ***Therefore, it is recommended that if the Region approves the recommended increase in Regional funding levels for the existing***

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Smarter Niagara Incentive Programs and the new programs recommended in this report, then the Region should consider increasing the budget amount allocated to the Smarter Niagara Incentive Programs based on the revised and new Smarter Niagara Incentive Programs. (N.B. At the time of writing of this report, a request for an increase of \$250,000 to the budget for the Smarter Niagara Incentive Programs has been included in the 2012 Regional budget submission).

8.5 Other Recommendations

8.5.1 Marketing of the Smarter Niagara Incentive Programs

Several of the key stakeholders including the Local Municipal CIP Coordinators indicated that awareness and understanding of the Smarter Niagara Incentive Programs could be improved among members of the development industry and their support professionals. This program gap was confirmed by the nature of some of the questions being asked by key stakeholders during the consultation session. ***Therefore, once the Smarter Niagara Incentive Programs have been revised, it is recommended that the Region, led by the Incentive Programs Coordinator:***

- a) Prepare a Primer on the Smarter Niagara Incentive Programs that describes the programs that are available and how they integrate with locally available CIP incentive programs, including general information on program eligibility, application and administration procedures;***
- b) Enhance the marketing of the Smarter Niagara Incentive Programs including:***
 - i) Presentations to development industry representatives and their support professionals (planners, engineers, architects, real estate professionals, financial institutions, lawyers, accountants, environmental consultants, etc...);***
 - ii) A semi-annual newsletter containing profiles of successful projects across the Region that have utilized the Smarter Niagara Incentive Programs;***
 - iii) Preparation and updating of marketing materials such as brochures and/or pamphlets that provide summary information on the Smarter Niagara Incentive Programs and accompany the Primer on the Smarter Niagara Incentive Programs;***
 - iv) Enhancement of the Region's web page via addition of direct (one-click) access to information on the Smarter Niagara Incentive Programs, the aforementioned newsletter and marketing materials, and direct links to the Local Municipal CIP program and application materials.***

8.5.2 Agricultural CIP(s)

The promotion of farm building rehabilitation, new forms of agriculture and value added secondary production in agricultural areas was identified as a program gap, both in the policy review and by some of the key stakeholders. This issue is seen as one that will become higher priority for a number of municipalities in Niagara in terms of the Regional Growth Management Strategy in coming years.

Therefore, it is recommended that prior to developing and implementing the programs recommended in this report to promote new forms of agriculture and value added secondary production in agricultural areas (see Section 8.2.2 and 8.2.3), the Region discuss the issue of

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agricultural incentives with local municipalities to determine their level of interest and ability/willingness to fund these programs in partnership with the Region.

Depending on the response from the local municipalities, it is then recommended that the Region in consultation with interested local municipalities consider preparation and adoption of a “Master Agriculture CIP” or individual Local Agriculture CIPs that local municipalities in Niagara can adopt to promote agriculture and that contain at a minimum the incentive programs recommended in Sections 8.2.2 and 8.2.3 of this report.

8.5.3 Provincial Participation in the Smarter Niagara Incentive Programs

Members of the Smarter Niagara Steering Committee and a few key stakeholders noted that the Province does not cost share in any of the Smarter Niagara Incentive Programs. Yet, the projects that take advantage of these programs help to achieve the policy objectives in the Places to Grow Growth Plan. This is particularly evident when one views the impressive results of the CIP programs in Downtown St. Catharines which is identified as an Urban Growth Centre in the Places to Grow Plan. ***Therefore, it is recommended that the Province cost share with the Region and its Local Municipalities in the Smarter Niagara Incentive Programs because these programs clearly help achieve Provincial policies such as the Places to Grow Growth Plan for the Greater Golden Horseshoe.***

APPENDIX A

Current Smarter Niagara Incentive Programs

Review and Update of the Smarter Niagara Incentive Programs

A CURRENT SMARTER NIAGARA INCENTIVE PROGRAMS

The Smarter Niagara Incentive Programs were endorsed by Regional Council in 2002. The Smarter Niagara Incentives Program contains several incentive programs and these are described below. The Region has established that it will provide a matching proportionate share of any financial incentive offered by an area municipality, subject to a maximum share from the Region as specified in the Smarter Niagara Incentive Programs. The Region and area municipalities in Niagara established a Region/Area Municipality Incentive Coordinating Committee to coordinate the provision of these incentives through local community improvement plans.

A.1 Reduction of Regional Development Charges

In Downtown Areas and on brownfield sites, the Region offers a reduction of 50% of the Regional development charge for new residential, commercial or institutional development or conversion of existing buildings to those uses. An additional 50% Development Charge waiver is available to developments that include at least three of the Region's five Smart Growth design criteria into the proposed development (see **Appendix B**). While the Region encourages local municipalities to establish a reduction program for local development charges in central urban areas and on brownfields, the Reduction of Regional Development Charges is available even if the local municipality does not have a similar program.

A.2 Property Rehabilitation and Redevelopment Tax Increment Funding Program

The purpose of this grant is to stimulate building and property rehabilitation or redevelopment. This includes downtown sites and brownfield sites. The Region will match the percentage of the tax increment generated by a rehabilitation or redevelopment project that is paid by the municipality in the form of a grant to the applicant. Because the Regional tax share is larger than the local municipal tax share, this means that the Region will contribute more to the tax increment based grant than the local municipality.

A.3 Building and Facade Improvement Grant/Loan Program

The purpose of this program is to promote the structural improvement of buildings and/or the improvement of building facades. The Region will provide a matching grant or loan on a cost shared basis with the local municipality to a maximum grant from the Region of \$5,000 per property, or a matching loan from the Region of \$10,000 per property.

A.4 Residential Grant/Loan Program

The purpose of this program is to promote residential conversion, infill and intensification. The Region will provide a matching grant or loan on a cost shared basis with the local municipality to a maximum grant from the Region of \$5,000 per unit and 20 units per property, or a matching loan from the Region of \$10,000 per unit.

A.5 Heritage Restoration and Improvement Grant/Loan Program

The purpose of this program is to promote the restoration and improvement of buildings designated under the Ontario Heritage Act. The Region will provide a matching grant or loan on a cost shared basis with the local municipality to a maximum grant or loan from the Region of \$2,500 per residential property and \$10,000 per commercial or industrial property.

A.6 Environmental Assessment Study Grant Program

The purpose of this program is to promote the undertaking of environmental site assessments so that better information is available with respect to the type of contamination and potential remediation costs on brownfield properties. The Region will provide a matching grant on a cost shared basis with the local municipality to a maximum grant from the Region of \$5,000 per property to promote the completion of Phase II Environmental Site Assessments, Remedial Work Plans and Risk Assessments.

A.7 Public Domain Incentives Program

This program was introduced in 2007. The Region will provide a matching grant on a cost shared basis with the local municipality to a maximum grant from the Region of \$100,000 per project to support public realm improvements already identified in or in compliance with municipal planning documents including CIPs, Secondary Plans or Official Plans. This program is based on a competitive evaluation process whereby the project must meet the Region's eligibility criteria. These criteria include a "green component" constituting a minimum of 6% of overall project cost and compliance with local or Regional urban design guidelines. Preference will be given to projects that include heritage and/or public art components.

APPENDIX B

Niagara Region Smart Growth Design Criteria

Review and Update of the Smarter Niagara Incentive Programs

Niagara Region Smart Growth Design Criteria

- 1) ***Intensification of an existing use*** – means redevelopment or building addition that adds floor area and/or a residential unit(s).
- 2) ***Creation of mixed uses*** – means redevelopment, addition or conversion that adds a new compatible uses or uses to a building or property or new development that proposes a mixed use building or a mix of uses on the site.
- 3) ***Contribution towards the creation of a walkable neighbourhood character*** – means development, redevelopment, addition or conversion within a neighbourhood context that features one or more of the following:
 - Safe and clearly demarcated pedestrian access to and within the development site;
 - Building orientation and pedestrian access oriented toward the street;
 - Site and building access directly from the street without requiring passage across a driveway or parking area;
 - Street oriented building facade featuring fenestration and entranceways that create a sense of permeability and movement between the street and the building interior;
 - Contribution to the quality of the public space on the street by the provision of space for public assembly;
 - Street furniture, artworks and/or landscaping.
- 4) ***Creation of a range of housing opportunities and choices*** – means development, redevelopment, addition or conversion that adds multiple unit housing types to the housing stock.
- 5) ***Reduced setbacks from roadways*** – means development, redevelopment or conversion that places the building facade at the front lot line or closer to the street than the mid-point between the street line and the existing building. Where there is an existing building line along the block face that is set back from the street line, “reduced setbacks from roadways” means placing the building facade closer to the street line than the mid-point between the street line and the established building line.

APPENDIX C

Smarter Niagara and Local Municipal Incentive Program Results by Municipality

Review and Update of the Smarter Niagara Incentive Programs

City of St. Catharines

Type of Program	Number of Applications	Number of Residential Units	Contribution		Total Contribution Local and Region	Estimated Project Cost
			Local	Region		
Residential Conversion/Intensification/Construction Grant/Loan	23	184	\$ 800,100	\$ 539,800	\$ 1,339,900	\$ 15,380,984
Commercial Building Façade Improvement Grant	16	na	\$ 104,354	\$ 49,354	\$ 153,708	\$ 590,666
Commercial Building Improvement Grant	NP	NP	NP	NP	NP	NP
Downtown/Commercial Area Revitalization Tax Increment Grant	2	76	\$ 221,912	\$ 271,385	\$ 493,297	\$ 9,874,463.00
Brownfield Tax Increment Based Grant	3	141	\$ 946,240	\$ 1,202,740	\$ 2,148,980	\$18,529,446.00
Brownfields Tax Assistance	1	119	\$ 24,465	\$ 54,384	\$ 78,849	\$ 1,450,000.00
Municipal Applications/Permit Fees Grant/Refund	16	na	\$ 133,793	\$ -	\$ 133,793	na
TOTAL	61	520	\$2,230,864	\$2,117,663	\$ 4,348,527	\$ 45,825,559

Notes:

Where an application has been approved for more than one program, the number of residential units and the estimated project cost has been counted only once to avoid double counting.

NP = No program offered.

na = not applicable.

City of Niagara Falls

Type of Program	Number of Applications	Number of Residential Units	Contribution		Total Contribution Local and Region	Estimated Project Cost
			Local	Region		
Residential Conversion/Intensification/Construction Grant/Loan	2	123	\$ 188,502	\$ -	\$ 188,502	(See Note 1) \$ 9,928,365
Commercial Building Façade Improvement Grant	(See Note 2) 25	na	\$ 293,595	\$ 140,604	\$ 434,199	(See Note 2) \$ 898,950
Commercial Building Improvement Grant	(See Note 2) 25	na	\$ 361,836	\$ -	\$ 361,836	(See Note 2) \$ 898,950
Downtown/Commercial Area Revitalization Tax Increment Grant	4	4	(See Note 3) \$ 396,205	(See Note 3) \$ 558,238	\$ 954,443	(See Note 1) 10,081,365.00
Brownfield Tax Increment Based Grant	0	0	\$ -	\$ -	\$ -	\$ -
Brownfields Tax Assistance	0	0	\$ -	\$ -	\$ -	\$ -
ESA Grant	3	na	\$ 15,000	\$ 15,000	\$ 30,000	na
Municipal Applications/Permit Fees Grant/Refund	NP	NP	NP	NP	NP	NP
TOTAL	59	127	\$1,255,138	\$ 713,842	\$ 1,968,980	\$21,807,630

Notes:

Where an application has been approved for more than one program, the number of residential units and the estimated project cost has been counted only once to avoid double counting.

NP = No program offered.

na = not applicable.

1 Estimated project cost for projects using both the Residential Loan and Revitalization Tax Increment Grant split 50/50 between the two programs

2 Number of applications and Total Estimated Project Cost of \$1,797,700 split in half because joint program.

3 Estimated based on 2010 City and Regional Commercial Occupied Tax Rates.

Review and Update of the Smarter Niagara Incentive Programs

City of Welland

Type of Program	Number of Applications	Number of Residential Units	Contribution		Total Contribution Local and Region	Estimated Project Cost
			Local	Region		
Residential Conversion/Intensification/Construction Grant/Loan	3	41	\$ 126,650	\$ 97,030	\$ 223,680	\$ 2,905,000
Commercial Building Façade Improvement Grant/Loan	3	na	\$ 13,930	\$ -	\$ 13,930	\$ 27,860
Commercial Building Improvement Grant	NP	NP	NP	NP	NP	NP
Downtown/Commercial Area Revitalization Tax Increment Grant	3	45	\$ 176,336	\$ 201,887	\$ 378,223	\$ 500,000
Brownfield Tax Increment Based Grant	0	0	\$ -	\$ -	\$ -	\$ -
Brownfields Tax Assistance	0	0	\$ -	\$ -	\$ -	\$ -
ESA Grant	2	na	\$ 10,452	\$ 10,452	\$ 20,905	na
Municipal Applications/Permit Fees Grant/Refund	3	na	\$ 38,288	\$ -	\$ 38,288	\$ -
TOTAL	14	86	\$ 365,656	\$ 309,369	\$ 675,026	\$ 3,432,860

Notes:

Where an application has been approved for more than one program, the number of residential units and the estimated project cost has been counted only once to avoid double counting.

NP = No program offered.

na = not applicable.

City of Thorold

Type of Program	Number of Applications	Number of Residential Units	Contribution		Total Contribution Local and Region	Estimated Project Cost
			Local	Region		
Residential Conversion/Intensification/Construction Grant/Loan	NP	NP	NP	NP	NP	NP
Commercial Building Façade Improvement Grant	6	na	\$ 30,000	\$ 30,000	\$ 60,000	\$ 1,710,000
Commercial Building Improvement Grant	NP	NP	NP	NP	NP	NP
Downtown/Commercial Area Revitalization Tax Increment Grant	0	-	\$ -	\$ -	\$ -	\$ -
Brownfield Tax Increment Based Grant	NP	NP	NP	NP	NP	NP
Brownfields Tax Assistance	0	-	\$ -	\$ -	\$ -	\$ -
Municipal Applications/Permit Fees Grant/Refund	2	na	\$ 24,000	\$ -	\$ 24,000	na
TOTAL	8	0	\$ 54,000	\$ 30,000	\$ 84,000	\$ 1,710,000

Notes:

Where an application has been approved for more than one program, the number of residential units and the estimated project cost has been counted only once to avoid double counting.

NP = No program offered.

na = not applicable.

tbd = to be determined by City of Thorold staff

Review and Update of the Smarter Niagara Incentive Programs

Town of Niagara-on-the-Lake

Type of Program	Number of Applications	Number of Residential Units	Contribution		Total Contribution Local and Region	Estimated Project Cost
			Local	Region		
Residential Conversion/Intensification/Construction Grant/Loan	NP	NP	NP	NP	NP	NP
Commercial Building Façade Improvement Grant	NP	NP	NP	NP	NP	NP
Commercial Building Improvement Grant (Heritage Grant)	36	na	\$ 69,863	\$ 69,863	\$ 139,726	\$ 349,882
Downtown/Commercial Area Revitalization Tax Increment Grant	NP	NP	NP	NP	NP	NP
Brownfield Tax Increment Based Grant	NP	NP	NP	NP	NP	NP
Brownfields Tax Assistance	NP	NP	NP	NP	NP	NP
Municipal Applications/Permit Fees Grant/Refund	NP	NP	NP	NP	NP	NP
TOTAL	36	tbd	\$ 69,863	\$ 69,863	\$ 139,726	\$ 349,882

Notes:

Where an application has been approved for more than one program, the number of residential units and the estimated project cost has been counted only once to avoid double counting.

NP = No program offered.

na = not applicable.

tbd = to be determined by staff.

APPENDIX D

Key Stakeholders Interviewed

Review and Update of the Smarter Niagara Incentive Programs

Local Municipal CIP Coordinators and Local Municipal Staff

Bob Bolibruck, City of Niagara Falls, Planning and Development Department
Bryan Morris, City of St. Catharines, Planning Services
Jack Bernardi, City of Thorold, Planning Department
Akin Ogunkeye, City of Welland, Planning Department
Leah Wallace, Town of Niagara-on-the-Lake, Planning Department
Barbara Wiens, Town of Niagara-on-the-Lake, Planning Department
Serge Felicetti, City of Niagara Falls, Economic Development Department
John Barnsley, City of Niagara Falls, Planning and Development Department
Rebecca Cann, City of St. Catharines, Recreation and Community Services Department
Lindsay Richardson, City of Port Colborne, Planning Department

Regional and NEDC Staff

Terri Donia, Niagara Region, Integrated Community Planning, Culture and Local Food Policy
Curt Benson, Niagara Region, Community and Corporate Planning, Climate Action Plan
Dianne Coppola, Niagara Region, Active Transportation and Healthy Communities
George Repar, Niagara Economic Development Corporation

Development Community

Alastair Davis, Habitat for Humanity
Tim Kenny, Tim Kenny Consulting
Ronald Fritz, Heritage property owner in Niagara-on-the-Lake
Paul Phelps, Phelps Homes
Philip Ritchie, Keefer Development and Historic Niagara
Jonathon Whyte, Mountainview Homes

Others Outside Niagara

Rebecca Condon, City of Toronto Planning Department
Brooke Lambert, City of Waterloo Planning, Housing and Community Services Department
Terry Boutlilier, City of Kitchener, Business and Planning Services, Economic Development Department

APPENDIX E

Stakeholder and Public Consultation Methodology and Results

1.0 Stakeholder Consultation

1.1 Methodology

The project consultant and Regional staff developed a list of 72 key stakeholders who were invited to attend a stakeholder consultation session that was held on November 24, 2010 at the Four Points Sheraton in Thorold. This list included local municipality CIP coordinators and other local municipal staff, Regional staff in several departments, Niagara Economic Development Corporation (NEDC) staff, representatives from the development and real estate industries, and downtown business improvement area (BIA) and chamber of commerce representatives. In total, 39 key stakeholders (54% of those invited) attended the consultation session, with the sectoral breakdown of attendees as follows:

- 11 (28%) Local Municipal staff (including CIP coordinators);
- 10 (26%) Developers;
- 6 (15%) Regional staff;
- 6 (15%) BIA/ Chamber of Commerce representatives;
- 3 (8%) NEDC staff; and,
- 3 (8%) Other/non-governmental organization.

This is a representative sample of the 72 invited stakeholders and represents a broad cross-section of the key stakeholders.

Along with the invitation to the Stakeholder Consultation Session, key stakeholders were sent a copy of the Draft Preliminary Incentive Program Concepts Summary that contained the proposed revisions and additions to the existing Smarter Niagara Incentive Programs as contained in Section 6.0 of this report.

At the Stakeholder Consultation Session, the project consultant presented the proposed revisions to the existing Smarter Niagara Incentive Programs and the proposed new incentive programs. In addition, the project consultant presented the methodology and rationale used to develop these proposed preliminary incentive program concepts. The presentation was followed by a question and answer session.

Following the presentation by the project consultant, those in attendance were broken into four (4) pre-assigned workshop groups to ensure that each workshop group contained a representative cross-section of key stakeholders. The project consultant and three senior Regional staff members each facilitated a workshop group in discussing the proposed preliminary incentive program concepts. In relation to the proposed revisions to the existing Smarter Niagara Incentive Programs and the proposed new incentive programs, the workshop groups were asked to determine and discuss:

- i) Their support for the proposed incentive program concept;
- ii) Preferred incentive program concept where there was more than one incentive concept presented;
- iii) Improvements and refinements that could be made to the proposed incentive program concepts; and,
- iv) Any required key incentive program revisions or new incentive programs that were not listed.

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In all cases, workshop participants were asked to consider their critical needs when commenting on proposed incentive program concepts. Each of the group facilitators took summary notes of the group discussions on flip charts. At the end of the consultation session, each workshop group then utilized these flip charts to report the results of their discussion back to the entire audience. The flip charts were then collected and further analyzed by the project consultant.

Those in attendance were also invited to send written comments to Regional staff. Written comments were received from two people in attendance at the consultation session. These written comments were also analyzed by the project consultant.

1.2 Results

The results of the Stakeholder Consultation Session are presented below. General comments about the incentive programs received at the Stakeholder Consultation Session and after the session in written comments are presented first. This is followed by a detailed review of the program specific comments provided by each workshop group and written comments that were received.

1.2.1 General Comments

Based on verbal comments from stakeholders at the consultation session and the written comments received, the Review and Update of the Smarter Niagara Incentive Programs was well received by key stakeholders. The key stakeholders reinforced the need to review and update the Smarter Niagara Incentive Programs at this time. The key stakeholders indicated that they were generally supportive of the approach and methodology used to develop the proposed incentive program concepts. Also, the key stakeholders supported most of the proposed incentive program concepts, but suggested a number of revisions and refinements.

A couple of the developer representatives in the audience suggested that the estimated economic impact figures associated with projects that have taken advantage of the Smarter Niagara Incentive Programs should include direct, indirect and induced impacts in order to present a more complete picture of the economic impact of the incentive programs (the economic impact figures reported in the November 2010 Draft Report include only direct economic impacts). While one of the developers offered to provide case study data to this end, this data was not provided.

A few of the key stakeholders pointed out that some of the consultation session participants did not have a good understanding of the existing Smarter Niagara Incentive Programs in terms of available funding, eligibility criteria and the administration process. This was in fact also observed during the discussions in the workshop groups. One example of this is that a few stakeholders suggested that the prohibition on “double dipping” of incentive programs needed to be better explained. Another example of this is that some key stakeholders were not clear on who can receive a tax increment based grant. These stakeholders asked if a tax increment grant must be paid to the developer who incurred the costs or if it can be transferred to a third party? This finding suggests that both the Region and Local Municipalities need to concentrate more on educating key stakeholders about the available incentive programs and how they work. This education regarding available incentive programs will be increasingly important as the Region finalizes and implements the revised and any new Smarter Niagara Incentive Programs.

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In terms of administration of the existing programs, there was some confusion on the part of the local municipalities regarding the administration of the Smarter Niagara incentive programs. The need for a Regional Smarter Niagara Incentive Programs Coordinator was cited as very important to the ongoing administration of the Smarter Niagara Incentive Programs.

The workshop participants raised a number of concerns around the complexity of administering some of the more progressive incentive programs proposed, e.g., some of the proposed revisions to the Regional Development Charge Reduction Program and the Property Rehabilitation and Redevelopment Tax Increment Grant Funding Program. While generally supportive of the policy principles behind the proposed revisions, a number of participants saw the proposed program revisions as too complex. Yet, there was general support for the proposal to develop more detailed Guidelines for achieving the Region's Smart Growth Design criteria.

From a policy perspective, several issues were raised by the key stakeholders who participated in the consultation session. First, the now long-standing principle of the Region requiring matching funding from local municipalities for the Smarter Niagara Incentive Programs was questioned by some key stakeholders. For certain critical need areas that are seen more as a Regional responsibility, e.g., affordable housing, the requirement for matching funding from local municipalities is seen as a factor that may limit the success of some incentive programs. Therefore, some participants felt that this long standing principle should be revisited for incentive programs that could be seen more as a Regional responsibility and/or programs where the local municipalities would have difficulty providing matching funding, e.g., affordable housing and promoting agriculture.

Another policy issue that was discussed in at least two of the workshop groups is whether CIP incentive programs should even be used to support cultural heritage and affordable housing. Discussion centered on the whether or not it might be more appropriate to provide direct funding to these activities instead of using CIP programs. No consensus was reached on this issue, but the discussions did indicate that a number of key stakeholders feel these issues may be more suited to being addressed through direct funding that is not CIP based. The resolution of this issue was seen to be especially important as more CIPs come on line in Niagara over the next few years and there is a concomitant increase in competition for and pressure on the available Smarter Niagara Incentive Programs.

The issue of ensuring adequate funding for the Smarter Niagara Incentive Programs was raised by all the workshop groups. Clearly, there is concern that all the Smarter Niagara Incentive Programs be adequately funded into the future. While there was general support for a number of the proposed incentive program funding increases and new incentive programs, this concern expressed itself with some key stakeholder suggesting that all approved Smarter Niagara Incentive Programs be adequately funded, even if that means fewer programs are approved than those being proposed.

Finally, several key stakeholders indicated that it is important to determine and make clear to the key stakeholders the impact of changes to existing programs on existing approved projects, especially large multi-phase projects, and the impact on projects currently going through the incentive application process.

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1.2.2 Program Comments

During the workshop sessions, the key stakeholders provided numerous comments on the proposed preliminary incentive program concepts. A summary of the comments from the workshop groups on the specific preliminary incentive program concepts is provided in **Table E-1** below. Applicable additional written comments on the specific preliminary incentive program concepts received after the consultation session are also summarized in Table E-1. Where a cell is blank in Table E-1, no comment was provided on that particular incentive program concept. Therefore, general support for that concept can be assumed.

2.0 Public Consultation

2.1 Methodology

Based on input received during and after the stakeholder consultation session, a number of revisions were made to the Preliminary Incentive Program Concepts contained in the November 2010 Draft Report. This included the elimination of a number of the more administratively complex preliminary program revision concepts and one of the preliminary new program concepts from further consideration. These revised Preliminary Incentive Program Concepts were then presented at a Public Open House held on March 23, 2011 at the Regional Administration Building in Thorold. The public open house was advertised in local newspapers.

The public open house was attended by five members of the public including several development industry representatives, as well as two Local Municipal CIP coordinators. Those attending the public open house were provided with a comment sheet where they could rate the importance of the proposed revised and new Smarter Niagara Incentive Programs. As well, those filling out the comment sheets could provide their input on any other program revisions or additions they felt should be made to the Smarter Niagara Incentive Programs. Three comment sheets were received along with one comment via e-mail.

2.2 Results

2.2.1 General Comments

Those in attendance at the public open house were generally very supportive of the revisions to the preliminary incentive program concepts. Several themes emerged from the comments received during and after the public open house which reinforce comments received during the stakeholder consultation session, including a need for:

- Clear incentive programs that can be easily understood and applied for;
- Greater clarity with respect to the Smart Growth Design Criteria that apply to the Regional Development Charges Reduction Program; and,
- The Region to fill the Smarter Niagara Incentive Programs Coordinator position with a qualified person as soon as possible.

Review and Update of the Smarter Niagara Incentive Programs

2.2.2 Program Comments

Comments from the public open house showed very strong support for most of the proposed revisions to the existing Smarter Niagara Incentive Programs. While there was generally support for the proposed new incentive programs, this support was not as strong as the support for the proposed revisions to the existing Smarter Niagara Incentive Programs. To this end, several of the participants at the public open house expressed concern that the addition of new programs not jeopardize funding for the existing core Smarter Niagara Incentive Programs which have been very successful to date. The key concern was that if new programs are added to the existing Smarter Niagara Incentive Programs, and Regional and Local budgets are not also increased to accommodate these new programs, there could then be financial pressure to reduce or eliminate some of the existing incentive programs.

There was also some concern that the proposed new programs such as the program to support affordable housing, the programs to support agriculture, and the recommendation for direct funding of cultural heritage and arts projects and programs, not dilute the existing Smarter Niagara Incentive Programs. There was concern that with a limited amount of funding for the Smarter Niagara Incentive Programs, and more local municipalities drawing on the existing Smarter Niagara Incentive Programs in the coming years, that the proposed new incentive programs potentially stray too far from the original intent of the Smarter Niagara Incentive Programs which was to promote and encourage:

- Brownfield redevelopment;
- Downtown and commercial core area redevelopment;
- Residential conversion and intensification; and,
- Heritage restoration and improvement.

(See Reports CAO 8-2002 and CAO 13-2002)

The concern from stakeholders about the new programs potentially stretching budgetary resources and straying too far from the original focus of the Smarter Niagara Incentive Programs is understandable. It reflects that the existing programs have been largely successful and users of those programs do not want to see the programs eroded at the expense of new programs.

Table E-1 Summary of Workshop Group Comments on Preliminary Incentive Program Concepts

Preliminary Incentive Program Concept	Workshop Group				Other Comments
	1	2	3	4	
REVISIONS TO EXISTING PROGRAMS					
6.1.1 Regional Development Charge Reduction					
6.1.1 a) Allow industrial development outside downtowns to be eligible for the Regional Brownfields DC Reduction Program.	Supported.		No agreement.	Brownfields should be paying no or low DCs because services already in place.	Support only if funds available.
6.1.1 b) Projects in central urban area or on a brownfield get additional 50% Regional DC reduction if project achieves LEED certification.	Supported, but allow qualified professionals to certify that project achieves Smart Growth design criteria based on established criteria/guidelines.		Cost of LEED may be prohibitive on smaller projects. Consider LEED as an add-on. Resolve administrative issue – timing of collection of DC .vs. timing of LEED certification. Sustainability criteria should be established similar to Town of The Blue Mountains example.	Supported. Higher the level of LEED certification, higher the DC reduction. Provide site specific DC waiver/reduction near institutions. Provide 100% DC reduction for registered charities. Not-for-profit on a case by case basis.	Sustainability criteria should be established similar to Town of The Blue Mountains example. LEED can be very expensive for smaller projects.
6.1.1c) Automatic 75% reduction of Regional DC if project in central urban area and a brownfield. Additional 25% Regional DC reduction if project achieves at least 3 of the 5 Regional Smart Growth design criteria or is LEED certified.	Supported, but allow flexibility in application of Smart Growth design criteria, e.g., they can be met for the overall project but not every project phase has to meet the Smart Growth design criteria.	Supported, but brownfields warrant a larger differential than that proposed.	Same as 6.1.1 b) above.		
6.1.1 d) Reduce (offset) Regional tax increment based grant by amount of remediation costs applied against Regional DC. Eliminate offset for brownfield projects that achieve at least 3 of the 5 Regional Smart Growth design criteria or are LEED certified.	Not supported because it would put brownfields at a disadvantage versus projects in central urban areas where both the tax increment based grant and the development charge reduction is available.		Same as 6.1.1 b) above.	Not supported. Need more of an incentive to help brownfields. Need certainty that DC reduction will still be in place when development takes place.	Supported.
6.1.1 e) Region to develop more detailed guidelines for achieving the Region’s Smart Growth design criteria in relation to the Regional DC Reduction Program.	Supported.	Supported. Need clarification regarding Smart Growth design criteria. Once established, the criteria should be certain and should not change.	Supported. Update Region’s Smart Growth Principles/criteria and link these to green infrastructure.		
6.1.2 Property Rehabilitation and Redevelopment Tax Increment Grant Funding Program					
6.1.2 a) Pre-determined Regional tax increment grant schedule for projects in designated central urban areas.	Generally supported, but increase base amount for brownfield projects to 80%.	Supported, but: 50% seems reasonable for standard projects; need transition rules for applications already in application stream; and, need clarification regarding Smart Growth design criteria.	Current matching system is simpler, but may not advance policy objectives. Details must be clear so as to provide certainty to the developer. Ideally, local municipalities would utilize a similar grant schedule, but this would require amendments to existing local CIPs.	Need certainty that grant will still be in place when development takes place – once approved, guarantee the incentive for the life of the project.	Not supported. Creates uncertainty for private sector and administrative challenges for public sector. Ideally, local municipalities would utilize a similar grant schedule, but this would require amendments to existing local CIPs.
6.1.2 b) Pre-determined Regional tax increment grant schedule for brownfield redevelopment projects.	Generally supported, but increase base amount for brownfield projects to 80%.	Same as 6.1.2 a) above.	Same as 6.1.2 a) above.	Brownfields are higher priority than Smart Growth design criteria.	Same s 6.1.2 a) above.

Table E-1 Summary of Workshop Group Comments on Preliminary Incentive Program Concepts (Continued)

Preliminary Incentive Program Concept	Workshop Group				Other Comments
	1	2	3	4	
REVISIONS TO EXISTING PROGRAMS					
6.1.3 Building Improvement and Façade Improvement Grant Program					
6.1.3 a) Increase matching grant available from Region from the current \$5K per property to \$10K per property.	Strongly supported.	Supported	Supported.	Strongly supported.	Supported.
6.1.3 b) Clarify that Region’s existing grant /loan program applies to both façade improvement and building improvement and the entire grant/loan amount can be used for façade and/or building improvements	Generally supported. Recommend increasing façade grant available for side and rear façade improvements that face open space or parking. If possible, façade grant should be tied to façade frontage or square footage (preferable).	Do not provide grant for renovation unless a comprehensive project beyond façade improvement. Combine with heritage grants. Do not require registration on title or include a time limit.	Supported. Clarify that mixed use buildings are also eligible.	Recommend increasing façade grant available for designated heritage buildings. Ensure no interest loan is still available. Separate façade .vs. interior improvements.	Supported. Address side and rear façade improvements that face a street, open space, parking or a pedestrian lane.
6.1.3 c) Require that all projects taking advantage of this grant/loan conform to either applicable local design guidelines or the Region’s Model Urban Design Guidelines.	Supported.		Supported. Need to ensure local design guidelines are up-to-date and aligned with the Regional Model Design Guidelines.		Supported.
6.1.3 d) Allow upfront funding of some projects and introduce criteria to guide upfront funding where the project meets said criteria and the local municipality is also providing upfront funding.	Generally supported, but only if criteria in place. Suggested that an encumbrance be registered on title if a municipality wishes to provide funding before a project is complete.		Challenge is how to ensure project completion.		Not necessary. Ensuring project completion maybe a problem.
6.1.4 Residential Grant/Loan Program					
6.1.4 a) Increase matching grant available from Region from the current \$5K per unit to \$7.5K per unit.	Supported.		Generally supported, but: funding may be an issue; may need to target program geographically to downtowns	Supported. Ensure loan is still available.	Strongly supported. Could be increased even more.
6.1.5 Heritage Restoration and Improvement Grant/Loan Program					
6.1.5 a) Increase matching grant/loan available from Region from \$2.5K to \$5K for residential properties and from \$10K to \$15K for industrial/commercial properties.	Supported.		Training on proper restoration techniques is required.	Supported.	
6.1.5 b) Add properties designated under Part V of the Ontario Heritage Act as eligible properties.	Supported.		Not supported. Too broad. Should be property specific. Link to O. Reg 906.	Supported.	
6.1.5 c) Better promote existing Heritage Properties Tax Reduction Program to local municipalities but revise the program criteria so that only properties that have taken advantage of the Region’s Heritage Restoration and Improvement Grant/Loan are eligible for the Heritage Properties Tax Reduction Program	Generally supported, but still not sure local municipalities will use the Heritage Properties Tax Reduction Program.		Generally supported, but link to improvement of property. View as an “investment” rather than as a “gift”.	Supported.	

Table E-1 Summary of Workshop Group Comments on Preliminary Incentive Program Concepts (Continued)

Preliminary Incentive Program Concept	Workshop Group				Other Comments
	1	2	3	4	
REVISIONS TO EXISTING PROGRAMS					
6.1.6 Environmental Assessment Study Grant Program					
6.1.6 a) Phase out the program and shift funding to other programs that support brownfield redevelopment.	Supported as this is not a large incentive and ESA costs can be fully recovered under the Property Rehabilitation and Redevelopment Tax Increment Grant Funding Program.		Supported as long as ESA costs remain eligible under the Property Rehabilitation and Redevelopment Tax Increment Grant Funding Program.	Supported. Current program is cumbersome and does not provide enough funding.	A Local Municipality requested retention of program as it may be very useful in future and represents a minimal impact on the Regional Smarter Niagara Incentive Program budget.
6.1.7 Public Domain Incentives Program					
6.1.7 a) Require that a certain percentage of available funding be provided to projects that incorporate heritage and/or public art components.			Need clear link to Culture Plan. Focus more on public space. Build criteria into other programs. Ensure public projects use design guidelines.	Focus on heritage component.	Not supported as it could disadvantage certain local municipalities.
6.1.7 b) Create a separately funded program category that is available exclusively for heritage and/or public art themed projects.			Same as 6.1.7 a) above.		Not supported as it could disadvantage certain local municipalities.
6.1.7 c) Increase the minimum 6% green component cost to 10%.	Some support, but 10% may not be realistic in a downtown or built up urban area.		Same as 6.1.7 a) above.		

Table E-1 Summary of Workshop Group Comments on Preliminary Incentive Program Concepts (Continued)

Preliminary Incentive Program Concept	Workshop Group				Other Comments
	1	2	3	4	
PROPOSED NEW PROGRAMS					
6.2.1 Affordable Housing Grant Program					
A matching grant program for affordable housing that provides a Regional grant of up to \$7.5K per unit and a maximum of 20 units per property.	Generally supported, but “affordability (price of unit and eligibility of purchaser) must be defined.	Some support, but: program should be focused on “need” rather than market; may work better for multiple units; perhaps affordable housing should be a social housing program and not a CIP based incentive.	Some support, but “affordability threshold must be defined and program should focus on rental units.	Supported. Ensure this program applies to renovations in addition to new construction. Increase Regional funding amount from \$7.5K per unit to \$12.5K per unit for registered charitable organizations.	May present funding and administrative challenges for local municipalities. Could this be a non-matching program?
6.2.2 Regional Development Charge Deferral Program for Affordable Housing					
Defer the payment of Regional DCs on affordable housing projects until the unit is sold or within a set period of time.	Not supported. Program is not viewed as necessary, especially since Regional DCs for residential not that large.		Not supported due to administrative issues and DCs are addressed under other programs.	Support, but consider use of a third mortgage.	
6.2.3 Agricultural Feasibility Study Grant					
A matching grant program for agricultural feasibility studies that provides a Regional grant of up to \$7,500 per study.	Supported. Program is important for agricultural municipalities. Must also be supported at Regional and local level with policies that protect and support agriculture.	Excellent concept. Strong support. Consult with agricultural community.	Generally supported, but: lower priority; link to agri-tourism; urban focus.	Great idea. Strong support. Important for rural Niagara.	Question how valuable this program would be? Local municipalities may not have enough funding to participate.
6.2.4 Agricultural Buildings and Facilities Revitalization Grant					
A matching tax increment based grant for up to 10 years for projects that improve agricultural properties and result in a property tax increase.	Same as 6.2.3 above.	Excellent concept. Strong support. Consider extending to activities that support transition of agricultural areas, e.g., biofuels, local food production. Consult with agricultural community.	Same as 6.2.3 above.	Same as 6.2.3 above. Include costs of replanting new crops as an eligible cost.	Same as 6.2.3 above.
6.2.5 Direct and Separate Funding for Cultural Heritage and Arts Projects					
Provide direct funding for cultural and heritage projects to address the program needs of cultural heritage groups.	Supported.	More information needed.	Link to Culture Plan. Link to local CIPs.	More information needed.	

APPENDIX F

Administrative Guidelines for the Smarter Niagara Incentive Programs

F-1 Regional Development Charge Reduction Program

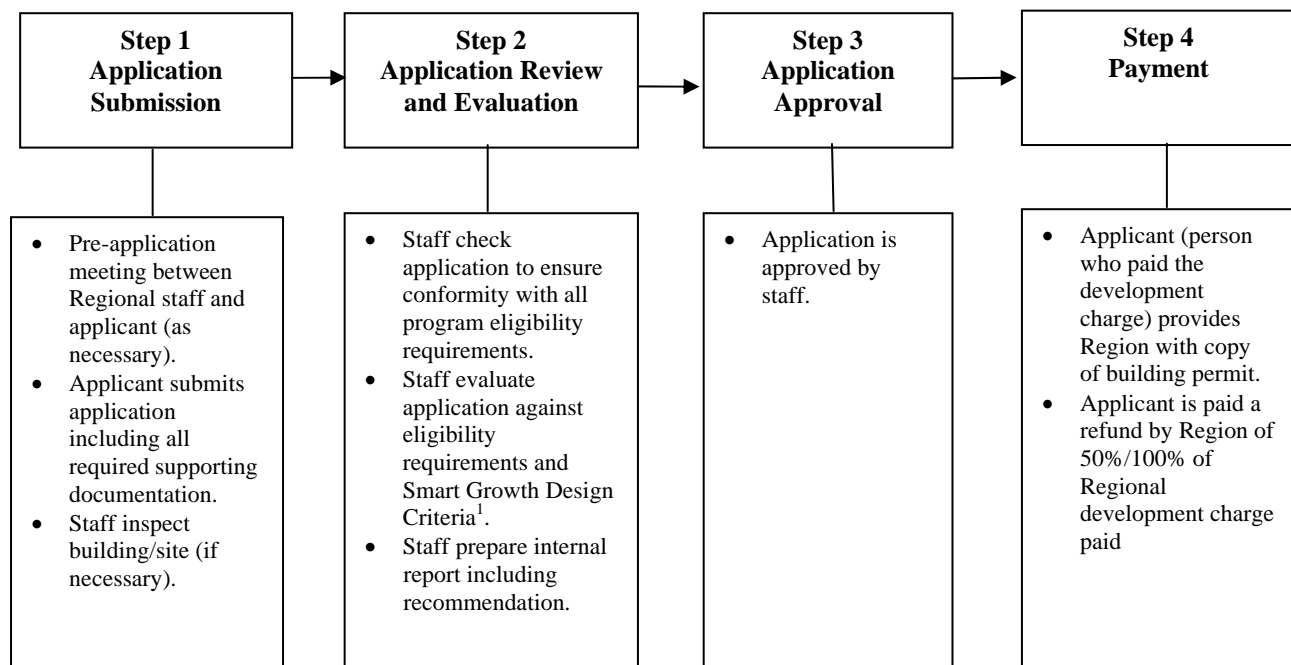
The Regional Development Charge Reduction Program is currently administered via direct application to the Region. The administration of this program is outlined in **Figure F-1** below.

The program application form specifies that the Development Charge Reduction is paid as a refund of the Regional development charges that are paid at the time of building permit issuance. However, review of Regional Development Charges By-law No. 62-2009 (Section 15) indicates that the Region could offer the development charge reduction as a reduction of the development charge payable to be paid at the time of building permit issuance rather than as a refund. This approach would be workable for those projects simply seeking the 50% development charge reduction because they are located within a designated central urban area or on a brownfield. However, a refund may have to be utilized for those projects seeking the additional 50% development charge reduction for inclusion of Smart Growth Design Criteria because evaluation of the project against the Region's Smart Growth Design Criteria is usually best made once the development project is complete.

Based on the recommendations contained in this report, the following revisions should be made to the program:

- a) Make brownfield sites that are being redeveloped for industrial use outside downtowns eligible for the program;
- b) Develop and apply new Smart Growth Design Criteria that are clearer and more complete;
- c) If the project is on a brownfield site and in a designated central urban area, provide a 75% reduction of the Regional Development Charges payable rather than the current 50%

Figure F-1 Regional Development Charge Reduction Program Administration



Notes:

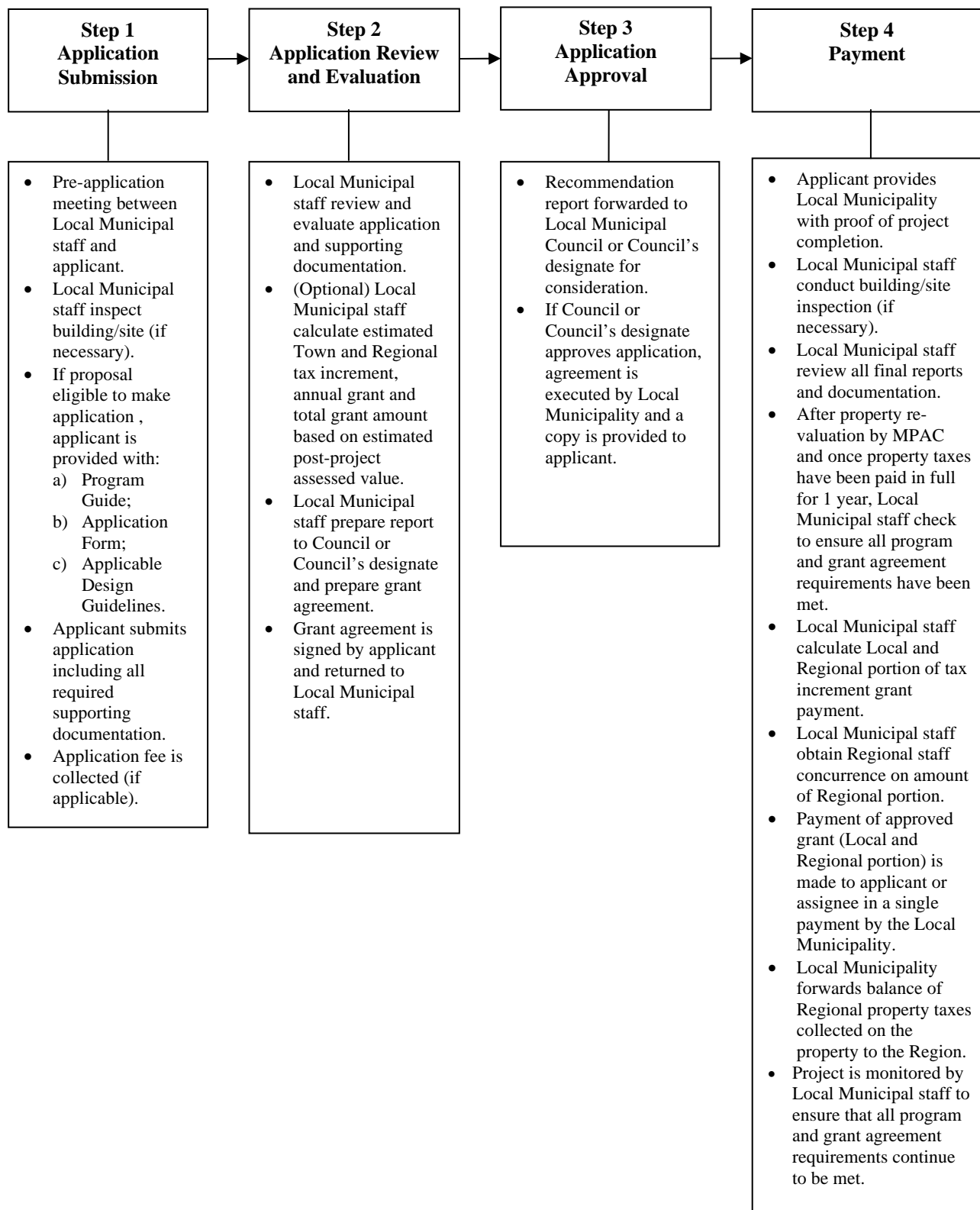
1. Region will determine whether it will allow pre-qualified professionals to certify that a project incorporates the Region's new Smart Growth Design Criteria or whether Region will continue to rely on Regional staff review.

F-2 Property Rehabilitation and Redevelopment Tax Increment Funding Program

The Property Rehabilitation and Redevelopment Tax Increment Funding Program is administered by the Local Municipalities. The general administration of this program is outlined in **Figure F-2** below. This program will continue to be administered by the Local Municipalities as shown in Figure F-2, with the following recommended program revisions:

- a) The Region will continue to match the percentage and duration of any local property rehabilitation and redevelopment tax increment grant paid by the local municipality, but if the project is a brownfield redevelopment project, affordable housing project, or it conforms to the Region's Smart Growth design criteria, it will receive a minimum 75% Regional Property Rehabilitation and Redevelopment Tax Increment Grant;
- b) Local Municipal staff will notify Regional staff of the annual amount of the Regional tax increment grant and obtain Regional staff concurrence on the amount;
- c) When the Local Municipality collects the annual property taxes, the Local Municipality will retain the Regional tax increment grant amount and provide a single payment to the successful applicant of the Local/Regional tax increment grant; and,
- d) The Local Municipality will forward the balance of the Regional property taxes collected on that property to the Region as normal.

Figure F-2 Property Rehabilitation and Redevelopment Tax Increment Funding Program Administration

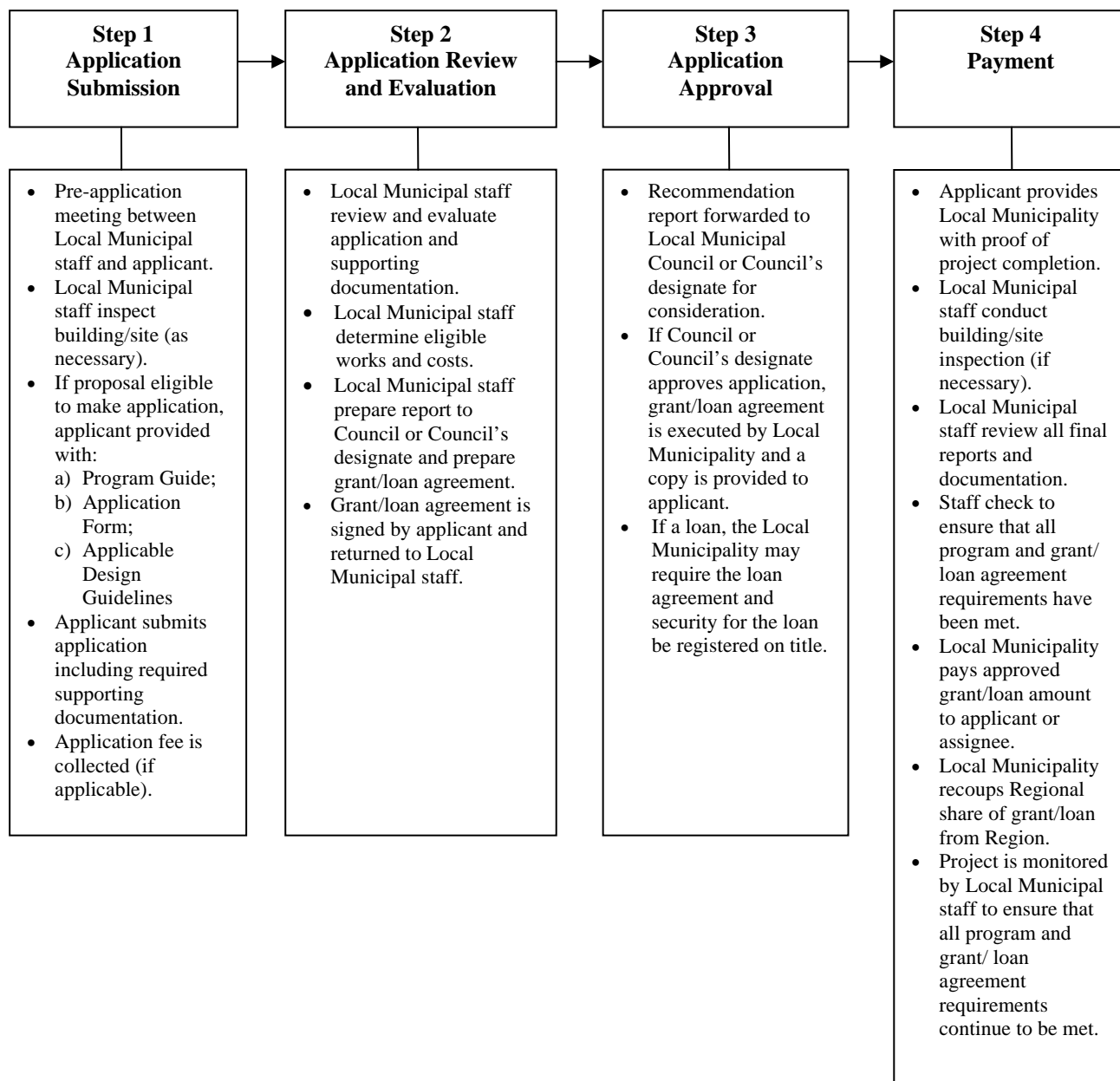


F-3 Building and Façade Improvement Grant/Loan Program

The Building and Façade Improvement Grant/Loan Program is administered by the Local Municipalities. The general administration of this program is outlined in **Figure F-3** below. Most Local Municipalities have separate programs for façade improvement (usually a grant) and building improvement (grant or loan). This program will continue to be administered by the Local Municipalities as shown in Figure F-3, with the following recommended program revisions:

- a) The grant/loan available from the Region is available for both façade improvement and building improvement and the grant/loan can be used for either or both, subject to the maximum Regional program funding contribution limits;
- b) The Region will increase the matching grant available from the Region for front façade improvement and/or building improvement to \$10,000 per property;
- c) The Region will introduce a matching grant/loan from the Region for side and/or rear façade improvement of up to \$10,000 per property;
- d) The Region will require that all façade improvements taking advantage of this Regional grant/loan program conform to Local Municipal urban design guidelines that are aligned with the Region's Model Urban Design Guidelines, or alternatively, the Region's Model Urban Design Guidelines.

Figure F-3 Building and Facade Improvement Grant/Loan Program Administration

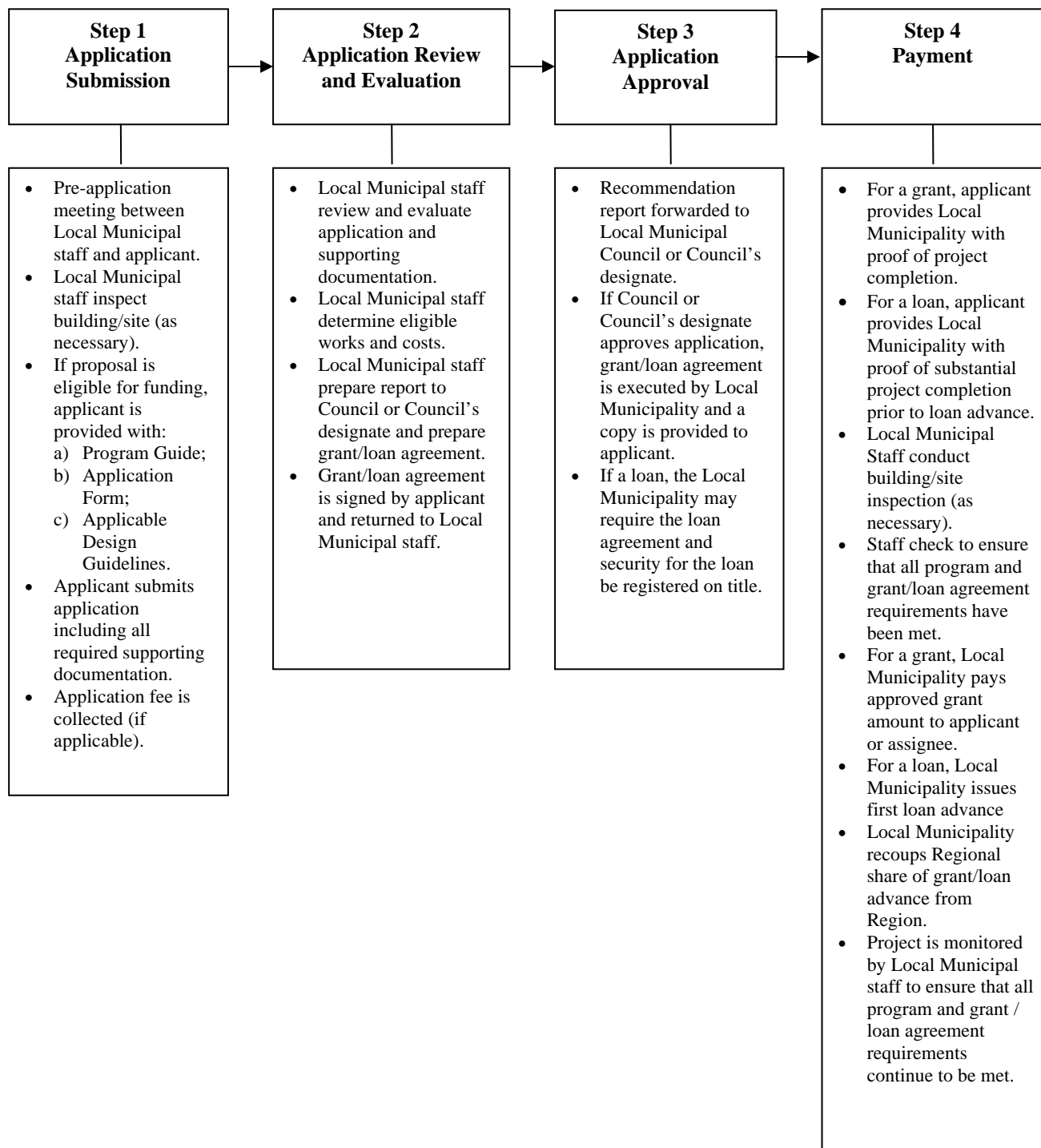


F-4 Residential Grant/Loan Program

The Residential Grant/Loan Program is administered by the Local Municipalities. The general administration of this program is outlined in **Figure F-4** below. This program will continue to be administered by the Local Municipalities as shown in Figure F-4 with the following recommended program revisions:

- a) The Region will increase the matching grant available from the Region to \$7,500 per unit.

Figure F-4 Residential Grant/Loan Program Administration

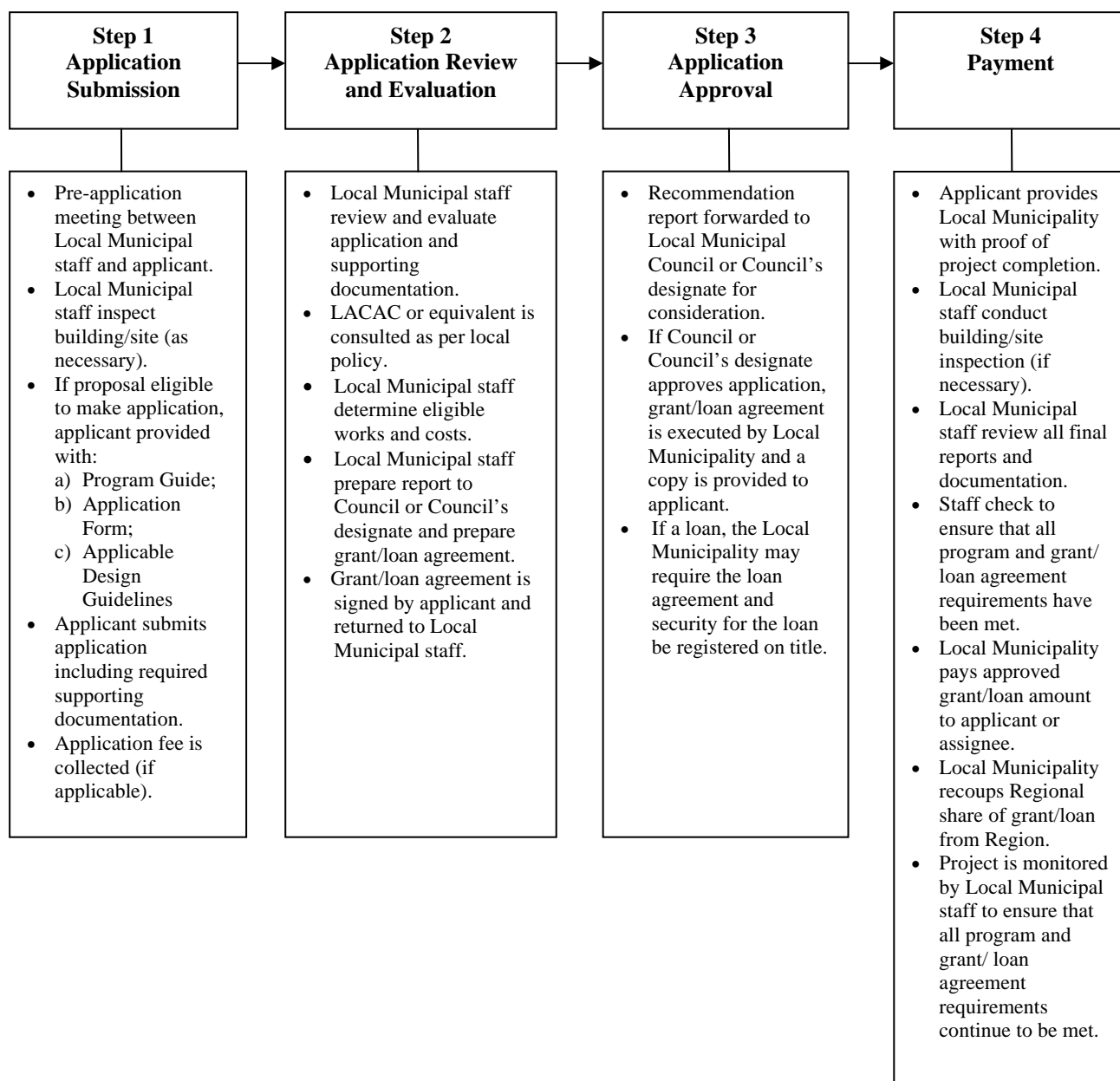


F-5 Heritage Restoration and Improvement Grant/Loan Program

The Heritage Restoration and Improvement Grant/Loan Program is administered by the Local Municipalities. The general administration of this program is outlined in **Figure F-5** below. This program will continue to be administered by the Local Municipalities as shown in Figure F-5 with the following recommended program revisions:

- a) The Region will increase the matching grant/loan available from the Region for designated residential properties to \$5,000 and for designated industrial/commercial properties to \$15,000;
- b) The Region will add as eligible for this program properties that are included within the boundary of a heritage conservation district designated under Part V of the Ontario Heritage Act.

Figure F-5 Heritage Restoration and Improvement Grant/Loan Program Administration

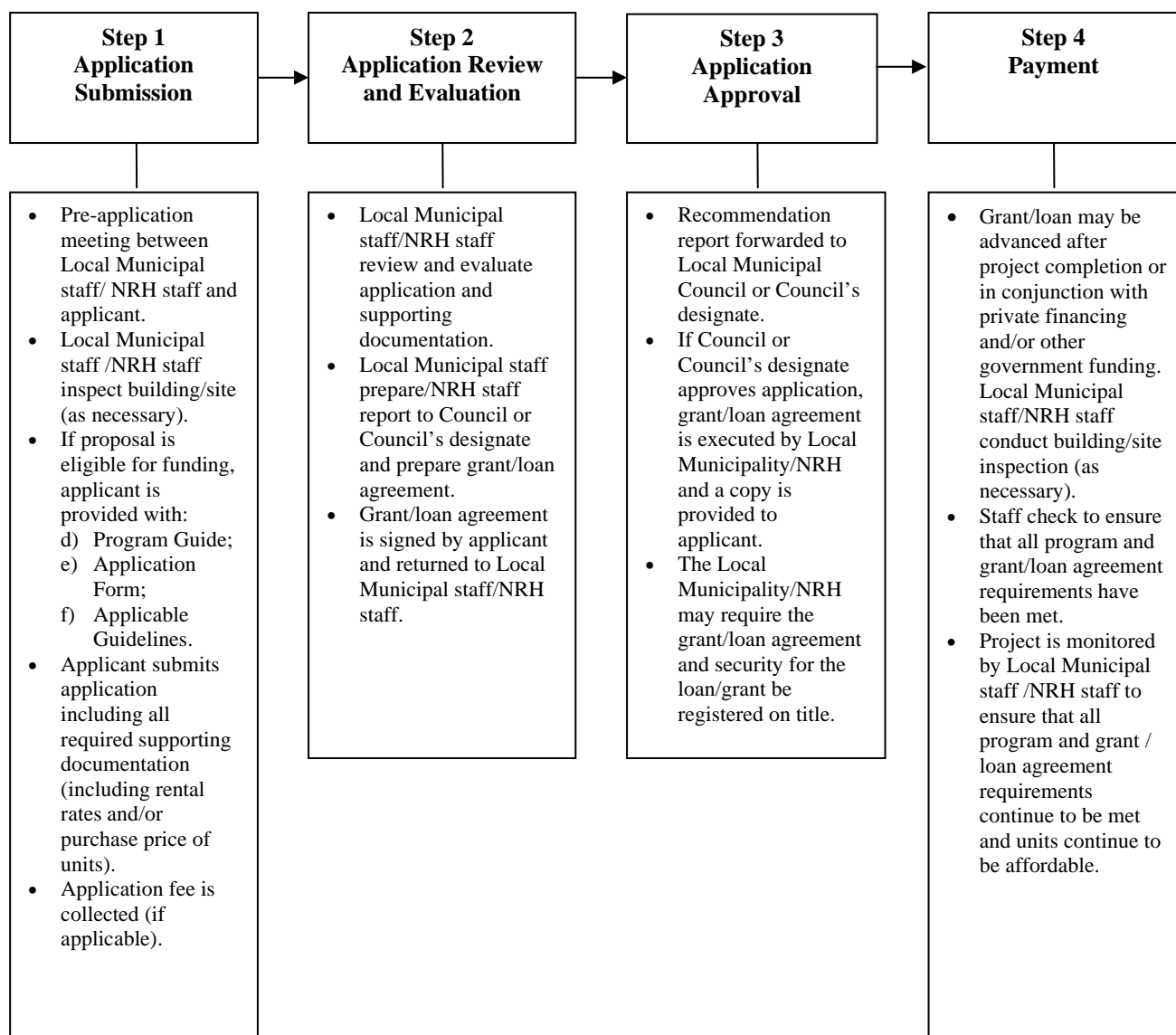


F-6 Affordable Housing Grant/Loan Program

The Affordable Housing Grant/Loan Program is a new program that will be administered by Niagara Regional Housing and/or the Local Municipalities. This grant/loan program would provide a matching Regional grant or loan for construction of new or renovation of existing residential units for affordable housing. This grant or loan would work on the same basis as the existing Residential Grant/Loan Program (matching contribution from Local Municipality) with a maximum Regional grant or loan of \$7,500 per unit and maximum of 20 units per property. This program would be funded through a Regional Affordable Housing Reserve Fund. This grant would be available in addition to the existing Residential Grant/Loan.

The general administration of this program is outlined in **Figure F-6** below. However, the details of this program, including the program definition of “affordability”, the specific mechanism to be utilized to ensure that units remain affordable, and detailed program administrative procedures, will be developed in consultation with Niagara Regional Housing and the Local Municipalities.

Figure F-6 Affordable Housing Grant/Loan Program Administration



F-7 Agricultural Feasibility Study Grant Program

The Agricultural Feasibility Study Grant Program is a new program that will be administered by the Local Municipalities. This grant program will provide a matching Regional grant up to \$7,500 for studies that determine if existing agricultural/rural buildings and facilities can be converted or adapted to specialty in-demand agricultural or agri-tourism uses, as well as business plans for new agriculture and agriculture related uses. Eligible studies include but are not limited to:

- a) structural analyses;
- b) evaluation of existing and proposed mechanical, electrical and other building systems;
- c) concept plans;
- d) market analyses;
- e) business plans; and,
- f) other feasibility study as approved by the Local Municipality.

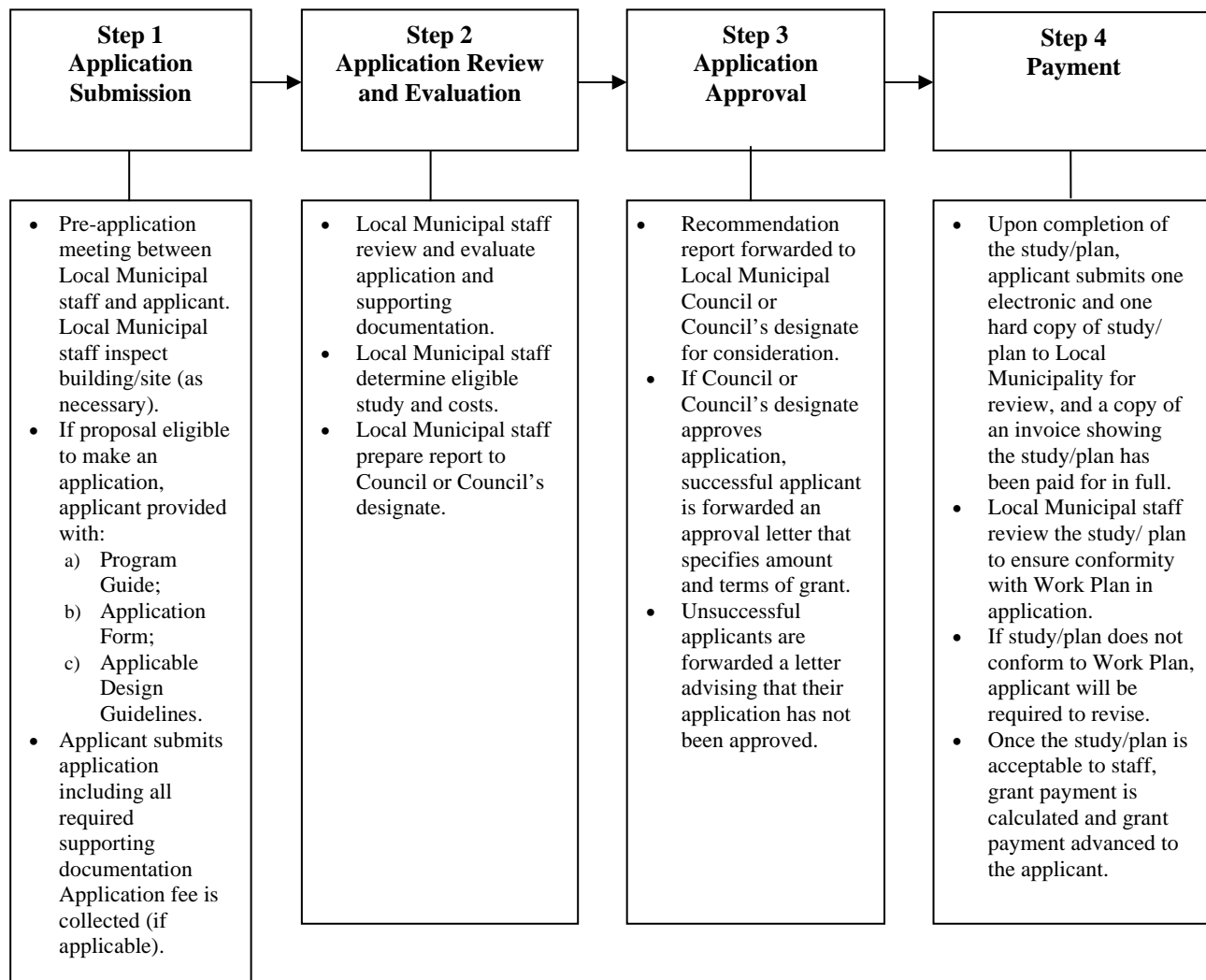
The feasibility study must provide significant information with respect to one or more aspects of the structural/engineering feasibility of the project and associated costing, conceptual feasibility, and/or the market/economic feasibility of the project.

The general administration of this program is outlined in **Figure F-7** below.

Implementation of this program will require that participating Local Municipalities prepare an Agricultural CIP that contains this program or a comprehensive/multi-purpose CIP that contains this program, or that the Region prepare a Master CIP that contains this program and that participating Local Municipalities adopt this Master CIP.

Review and Update of the Smarter Niagara Incentive Programs

Figure F-7 Agricultural Feasibility Study Grant Program Administration



F-8 Agricultural Buildings and Facilities Revitalization Grant Program

The Agricultural Buildings and Facilities Revitalization Grant Program is a new program that will be administered by the Local Municipalities. This grant program will provide a matching tax increment based grant for up to ten (10) years similar to the Property Rehabilitation and Redevelopment Tax Increment Funding Program Grant Program. The Agricultural Buildings and Facilities Revitalization Grant will apply to physical improvements to existing agricultural properties, buildings and facilities that promote farm building rehabilitation, conversion to bio-fuels, new forms of agriculture, and value added secondary production in agricultural areas. The eligible activity must result in an increase in assessment value, and therefore property taxes.

The general administration of this program is outlined in **Figure F-** below.

Implementation of this program will require that participating Local Municipalities prepare an Agricultural CIP that contains this program or a comprehensive/multi-purpose CIP that contains this program, or that the Region prepare a master level CIP that contains this program and that participating Local Municipalities can adopt.

Figure F-8 Agricultural Buildings and Facilities Revitalization Grant Program Administration

