Financial Implications of Niagara Region Incentives

Planning and Economic Development Committee
May 8, 2019
Purpose

1) To address issues arising from the April 25 motion at Council and CL-C 35-2019 regarding the financial and other implications of expanding incentive eligibility in Community Improvement Plan areas.

2) To provide an overview of existing Regional incentive programs.

3) To provide an overview and next steps of the ongoing Regional incentive review.
Context

• Regional incentives date back to 2002, and have expanded significantly since that time.

• Nineteen programs administered by Planning, Finance, and Economic Development are currently under review.

• Most programs provide matching funding primarily to Local Municipalities.

• They vary in size, cost, duration, purpose, funding source, program parameters, and delivery, and in the nature program ownership/terms of partnership.
Regional Grant Programs Under Review

**Smarter Niagara Incentive Program (SNIP)**
- Environmental Assessment Study Grant
- Building and Façade Improvement Grant/Loan
- Residential Grant/Loan
- Heritage Restoration and Improvement Grant/Loan
- Agricultural Buildings and Facilities Revitalization Grant/Loan
- Agricultural Feasibility Study Grant
- Community Improvement Plans (CIPs)/Planning Studies Grant
- Affordable Housing Grant/ Loan Program
- Property Rehabilitation and Redevelopment Tax Increment Grant/Loan
- Brownfield Tax Assistance Program
- Development Charge Reduction Grant

**Waterfront Investment Program**

**Gateway Economic Zone and Centre**
- Gateway CIP Tax Increment Based Grant
- Gateway CIP Regional DC Reduction Grant

**Industrial Development Charge Grant**

**Non-Profit Regional Development Charge Grant**

**Heritage Tax Rebate Program**

**Public Realm Investment Program**

**Niagara Investment in Culture Program**
Types of Grants and Incentives

Simple Grants
• short terms projects, budgeted amount from annual Levy, no rollover, reserve budget low

Tax-related Grants
• long term projects, funded through assessment growth, calculated and removed from amount available for Levy budget annually, frequent changes in $ amount and timing

Development Charge Grants
• Long term projects, budgeted annually, all DC exemptions must be returned to DC reserves from operating revenue

Single Purpose Grants
• short/medium term projects, budgeted amount from annual Levy, no rollover
SNIP/CIP Relationship

**SNIP**
Regional suite of programs

**Simple Grants**
- Funding is fixed annually - $600
- Matched $ for $
- First come first serve
- Have gone into reserve to fund commitments
- Current reserve - $200K

**Tax-related Grants**
- Funding is not capped
- Grant % matched by Region
- $30mil currently committed to 2030
- Payments are deducted from assessment growth annually

Grants and incentives that are consistent with Regional SNIP programs are eligible for Regional funding

**CIPs**
Municipal programs
SNIP Tax Increment Grant Commitments
2018 SNIP Encumbrances

- Smarter Niagara Incentive Program - Tax Increment Grant: $885,000
- Smarter Niagara Incentive Program - Simple Grants: $1,845,000
Regional Grants and Incentive Review

Context
• Unclear/outdated program parameters → need for clarity, consistency, focus
• Expanded partners/programs/requests → budget pressures
• Changing economic/development climates → new challenges, priorities

Objectives
• Grants and incentive programs are clear, accountable, and efficient
• Align with Regional priorities
• Are fiscally responsible
• Target projects of appropriate scale, return on investment
Incentive Review Overview

Preparation Phase (Q3-4 2017)
• Council endorsement and direction

Phase 1 (Q 1-2 2018)
• Research, data collection, LAM engagement, SWOT analysis
• ICOP Audit reports on program/process and value for money

Phase 2 (Q 3-4 2018)
• Inter-departmental Working Group research, development of program target areas and potential delivery options

Phase 3 (Q 2-3 2019)
• Committee/Council presentation, stakeholder information sessions, Council approval of target areas, development and Council approval of specific programs, consideration of provincial governance review findings

Transition & Implementation (Q 4 2019)
• Subject to Council direction and consultation with Local Area Municipalities