

**Subject:** Port Colborne's Niagara Gateway Economic Zone and Centre CIP Expansion Request

**Report to:** Planning and Economic Development Committee

**Report date:** Wednesday, February 7, 2024

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## Recommendations

1. That Council **APPROVE** adding Port Colborne's rural employment area as a strategic location for investment under the Gateway Economic Zone and Centre CIP, allowing for 10-year tax increment grants for eligible developments; and
2. That Report ED 3-2024 **BE CIRCULATED** to the City of Port Colborne.

## Key Facts

- The purpose of this report is to seek Council's approval of the expansion of the Gateway Community Improvement Plan (CIP) area to include designated rural employment areas as shown in Appendix 3, within the City of Port Colborne.
- The proposed expansion aims to stimulate economic development and attract industrial investments by designating these areas as strategic locations for investment, eligible for 10-year tax increment grants under the Gateway Economic Zone and Centre CIP.
- This expansion supports the request from the City of Port Colborne's November 28<sup>th</sup>, 2023, Council meeting, included as Appendix 2
- The report provides an overview of the rationale, expected benefits, and strategic alignment of this expansion with regional economic goals.

## **Financial Considerations**

The Tax Increment Grant (TIG) over a 10-year period is fixed at the amount of incremental taxes resulting from the new assessment in the year MPAC adds the new assessment to the tax roll. The post-construction assessment increase creates additional taxation revenue referred to as Assessment Growth and the Region uses the revenue from the property to budget for and fund the TIG. This reduces the net assessment growth revenue available to be used each year in the budget in accordance with the Budget Planning By-law for growth-related costs, capital infrastructure and other council priorities.

Following the 10-year period, the Niagara Region will receive the full property tax value associated with developments in the Gateway Economic Zone and Centre CIP area. The owner is responsible for the upfront costs of redevelopment and must pay for the increased taxes arising from the higher assessed value. The incremental portion of the tax increase is returned in the form of a fixed grant to the local municipality, who then makes the grant payment to the applicant.

## **Analysis**

The Gateway Economic Zone and Centre CIP, was initially established to promote projects that revitalize, strengthen, and diversify strategic zones within the Niagara Region, and it has been successful in generating additional economic growth, job creation, job retention and industrial assessment growth in the Niagara Region. The Gateway Economic Zone and Centre is comprised of the Town of Fort Erie, the City of Niagara Falls, the City of Port Colborne, the City of Thorold and the City of Welland.

The Gateway Economic Zone and Centre CIP have significantly bolstered the Niagara economy through their influential role in regional development and job creation. Since its inception, the program has been a catalyst for 30 major developments, injecting over \$300 million in construction value into the local economy. This substantial investment has not only enhanced the region's infrastructure and commercial appeal but has also been pivotal in stabilizing the job market.

The CIP has played a crucial role in retaining over 500 existing jobs, vital for sustaining the local economic fabric. Moreover, it has been instrumental in generating over 1,000 new employment opportunities, contributing to a robust and dynamic workforce in Niagara. This achievement underscores the CIP's effectiveness in fostering economic growth and employment, affirming its significant contribution to the region's prosperity.

The City of Port Colborne has requested the inclusion of the entire 921 acres of their rural employment area as seen in Appendix 3, into the Gateway Economic Zone and Centre CIP and that the rural employment area be recognized as a strategic location for investment, a classification that could allow eligible applicants a Tax-Increment Grant of up to 10 years.

The subject lands are designated Rural Employment, Environmental Protection Area, and Environmental Conservation Area in the City of Port Colborne's Official Plan, and are zoned site-specific Heavy Industry (HI), site specific Industrial Development (ID), Environmental Conservation (EC) and Environmental Protection (EP). The City of Port Colborne's Official Plan and Zoning support industrial development on the subject lands, subject to the environmental policies and regulations on a portion of the lands.

City of Port Colborne staff recommended support for expanding the Gateway Economic Centre and Zone CIP boundaries and have requested that the Niagara Region match the new boundaries. The City of Port Colborne Council approved of this recommendation at their November 28<sup>th</sup>, 2023, Council Meeting.

Regional Staff are bringing this request forward to the Committee to support and facilitate future economic growth and promote the diversification of the economy and tax base in the City of Port Colborne. Adding these strategically located properties into the Niagara Gateway CIP boundary will promote the development of the lands through new investment and bring new jobs and increased tax assessment for the City.

This expansion aligns with Niagara's Official Plan, which has identified these lands as Rural Employment Area and Niagara Economic Centre. Integrating them into the Gateway CIP acknowledges their strategic importance for regional economic growth and employment, reinforcing the plan's vision and ensuring a cohesive approach to economic development across the region. Along with the CIP area expansion, upcoming infrastructure will improve the shovel readiness of these lands and further enhance the investment potential of Port Colborne. The combined impact of these initiatives is crucial for attracting investment and ensuring Niagara's economic stability.

### **Alternatives Reviewed**

The Committee may choose to not approve the expansion of the CIP Area and maintain the existing boundaries of the Gateway Economic Zone and Centre CIP. This alternative is not recommended. While maintaining the status quo minimizes change, it does not capitalize on the opportunity to stimulate economic growth in the City of Port

Colborne's Rural Employment Areas. This option may lead to missed opportunities for industrial development and job creation.

### **Relationship to Council Strategic Priorities**

This report supports the following Council Strategic Priorities:

- Prosperous Region

### **Other Pertinent Reports**

[PDS 31-2021](#)      Niagara Region Incentives Policy

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This report was prepared in consultation with Susan White, Program Financial Specialist, Marco Marino, Associate Director, Economic Development and reviewed by Diana Morreale, Director, Growth Management & Planning.

## **Appendices**

Appendix 1 Niagara Gateway Economic Zone and Centre Community Improvement Plan

Appendix 2 Port Colborne Report: Niagara Gateway Economic Zone and Centre CIP Expansion - 2023-219

Appendix 3 Proposed CIP Area Expansion – Map of Area