



# Committee Report

<b>To:</b>	Warden Hicks and Members of Grey County Council
<b>Committee Date:</b>	March 24, 2022
<b>Subject / Report No:</b>	EDTC-CW-08-22
<b>Title:</b>	<b>CIP Update</b>
<b>Prepared by:</b>	Savanna Myers, Director of Economic Development, Tourism & Culture Randy Scherzer, Deputy CAO
<b>Reviewed by:</b>	Kim Wingrove, CAO
<b>Lower Tier(s) Affected:</b>	All
<b>Status:</b>	Recommendation adopted by Committee as presented per Resolution CW50-22; Endorsed by County Council April 14, 2022 per Resolution CC35-22

## Recommendation

1. That Report EDTC-CW-08-22 regarding CIP Update be received; and
2. That as per the CIP incentives approved through report PDR-CW-30-19 and following notice received by the County from the City of Owen Sound under s. 365.2(6) of the Municipal Act, 2001 as amended, for the 2020 tax year, a by-law be brought forward to Council to enact County participation in the Heritage Tax Rebate program for that year.

## Executive Summary

County Council adopted the Community Improvement Program (CIP) Plan template in June of 2019 to provide member municipalities with new tools to grow their assessment base, assist with becoming more investment ready and accelerate priority developments, such as attainable housing. Local municipalities were then given the opportunity to select from a County approved incentives menu to develop and adopt a CIP at the local level, which would allow for joint participation in approved programs by both the local municipality and County.

The five-year program (2019-2023) has now passed the half-way marker. This report highlights successes to date and brings forward the first bylaw required to jointly participate in one of the two possible tax exemption programs.

# Background and Discussion

With the endorsement of report PDR-CW-30-19, financial support was provided to local municipalities to assist with various incentives to be adopted through the local Community Improvement Plans. This included, financial support for grant programs (up to \$20,000 per year subject to budget approval), as well as other incentives including participating in tax incentives, providing surplus land, and reducing or waiving application fees/development charges.

The five development priority areas in the CIP Program were identified to:

- i. Increase the supply of affordable and attainable housing,
- ii. Increase value added agricultural uses,
- iii. Promote the development, redevelopment and/or conversion of brownfield, vacant, and grey field properties;
- iv. Support downtown improvements, and
- v. Support adaptive re-use of commercial, industrial, and institutional buildings

To enable the five priority areas, an a la carte menu of incentives was endorsed, recommending a mixture of grants, fee waivers and deferrals, tax equivalent financing and surplus land grants.

<b>Menu of Incentives</b>	
Study & Design Grant	Permit/Application Fee Exemption
Development Charge Exemption/Deferral	Brownfield Tax Assistance Grant
Tax Increment Equivalent Grant	Vacant Lands Tax Assistance Grant
Heritage Property Tax Relief	Housing Rehabilitation & Conversion Grant
Surplus Land Grant	Buildings & Land Improvement Grant
Start Up Space Leasehold Improvement Grant	Vacant Building Conversion/Expansion Grant
Façade, Signage & Property Improvement Grant	Destination Infrastructure Grant

Since County adoption in 2019, seven of nine member municipalities have adopted a CIP program locally and six municipalities have begun implementing their program leveraging County funds, and in some cases adding their own funds to further enhance. County funds that have not yet been utilized remain in reserves at each municipality. All funds contributed by Grey must be spent by December 31, 2023 or returned to the County at which time staff will prepare a report to Council for consideration of reallocation.

Cumulative Results as of December 31, 2021 are as follows:

County Funds Contributed	\$540,000
County Funds Held in Reserve	\$280,000
Number of Grants Issued	89

Total Value of Grants Issued	\$547,932.30
Total Value of Private Funds Contributed	\$1,693,538.20
Total Value of Investment (Public & Private)	\$2,241,470.50

In addition to cash contributions, some municipalities have begun exempting application fees and providing grants in lieu of development charges (DC's) as per the CIP Program. The County has also completed several conditional exemptions of DC's for new purpose-built rental housing units. Furthermore, staff have exempted and/or provided a grant-in-lieu of County DC's in the past for non-profit housing projects as well the Durham project (i.e. where we have provided housing for projects). To date, a total of 310 rental apartments have been granted a development charge deferral and conditional exemption agreement since Q1/2020 which equates to approximately \$1.3 million in conditionally exempted development charges. Another 189 rental units are pending entering into a deferral and conditional agreement. This means that a total of 500 rental units are either constructed or will be constructed in the very near future.

As per the Municipal Act, two of the approved CIP incentives require a bylaw at both the local level and at the County. These include the Heritage Tax Rebate Program and the Tax Increment Equivalent Grant (TIEG). The City of Owen Sound is currently the only municipality offering the Heritage Tax Rebate to 13 eligible properties. Several municipalities have included the TIEG in their programs, and some are now in early stages of planning for TIEGs to support purpose-built housing and other eligible developments as per the Plan.

With two years remaining in the CIP Program (2022-2023) staff will continue to work with member municipalities to encourage and enable priority development as per the approved plan.

## Legal and Legislated Requirements

Section 365.2(1) of the Municipal Act, 2001 allows a local municipality to establish a program for reductions or refunds of property taxes for eligible heritage properties. Where the local municipality is a lower-tier municipality, section 365.2(6) requires that it give notice to its upper-tier municipality of the amounts of taxes being refunded in a given tax year. Once the upper-tier municipality has received that notice, section 365.2(7) authorizes the upper-tier municipality to enact a by-law to give a similar reduction or refund of taxes for that year.

## Financial and Resource Implications

The City has given the County the notice required under the Municipal Act with respect to its Heritage Tax Rebate amounts for 2020. These amounts reflect a 20% rebate of City taxes for eligible properties, totaling \$15,184.00. An equivalent 20% County tax rebate for 2020 would be \$3,975.53. To give such a rebate County Council will need to enact a by-law authorizing that rebate.

The cash contribution of \$20,000 per year (2019-2023) is included for Council consideration annually through the economic development capital budget. Additional approved incentives are not included in the annual budget as they are brought forward on a case-by-case basis and considered by the County as lost revenue rather than a budgeted expense. As such, following approval of the bylaw, the County

portion of the Heritage Tax Rebate for 2020 totaling \$3,975.53 will be returned to the City for distribution to property owners.

## Relevant Consultation

- Internal – Director of Finance, Director of Legal Services, Manager of Planning, Clerk, CAO
- External – Member Municipal Staff

## Appendices and Attachments

[City of Owen Sound – Heritage Tax Rebate Notice for 2020](#)

[Community Improvement Plan Program – PDR-CW-19-20](#)