

Agenda Item # Page #

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**Schedule 3**

Industrial Development Charges Grant – Incentive Program Guidelines

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**Industrial Development Charges Grant Program**

Purpose

- This program provides a major financial incentive to stimulate new investment by existing and new industrial businesses within the Urban Growth Boundary in the form of development, redevelopment, rehabilitation and/or adaptive reuse of buildings for industrial use, including commercial truck service establishments.

Description / Funding

- **“Targeted” Grant** – This program will provide a grant to an eligible applicant equal to 100% of the development charge (this program does not apply to Education development charges) paid on an industrial building that contains a “targeted” industrial use that is constructed within the Urban Growth Boundary;
- **“Non-targeted” Grant** – This program will provide a grant to an eligible applicant equivalent to 50% of the value of the development charge (this program does not apply to Education development charges) paid up to \$500,000 (maximum grant of \$250,000), with the remainder of the development charges above \$500,000 to be fully paid for by the applicant on an industrial building that contains a “non-targeted” industrial use that is constructed within the Urban Growth Boundary;
- This grant will be paid by the City at the time of building permit issuance, unless the building is constructed as a “speculative” (“shell”) building in which the grant will be paid when the building permit(s) is/are required for the tenant finish stage;
- The amount of the DC grant will be determined based upon the total amount of development charges owing after all exemptions, reductions and credits are applied in accordance with the Development Charges By-law.

Area of Application

- This program applies to all industrial land uses within the Urban Growth Boundary for eligible “industrial building” and “commercial truck service establishment” development, redevelopment, and rehabilitation projects, as defined below in the Definitions section of the Incentive Program Guidelines.

Definitions

**“Adaptive Re-use”** means the physical process undertaken (including constructed improvements) to convert a non-industrial building on previously developed land into an industrial building.

**“Applicant”** means a registered owner or assessed owner of lands and buildings within the Community Improvement Project Area, and any person to whom a registered owner or assessed owner of lands and buildings within the Community Improvement Project Area has assigned the right to receive a grant or loan. Applicants may also be referred to as “owners”, “building owners” or “property owners”.

**“Brownfield”** means abandoned, vacant or underutilized lands and/or buildings within the Urban Growth Boundary of the City of London where expansion, retrofit, or redevelopment may be complicated by environmental contamination from past uses and development activity.

**“Commercial Truck Service Establishment”** means a premises purpose designed for repair and servicing of freight carrying trucks, including truck tractors and truck trailers, and shall include the storage and sale of parts accessory to such vehicles.

**“Community Improvement”**, unless otherwise specified, is as defined in accordance with its definition under Section 28 of the *Planning Act*.

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**"Community Improvement Plan" (CIP)**, unless otherwise specified, is as defined in accordance with its meaning under Section 28 of the *Planning Act*.

**"Community Improvement Project Area" (CIPA)**, unless otherwise specified, is as defined in accordance with its meaning under Section 28 of the *Planning Act*.

**"Development"** means the construction of a new industrial building on previously undeveloped land.

**"DC"** means Development Charges.

**"Industrial Building"** is a building used for:

- a) Manufacturing, producing, fabricating, assembling, compounding or processing of raw materials, goods, component parts or ingredients where the physical condition of such materials, goods, parts or components are altered to produce a finished or semi- finished tangible product, or the packaging, crating, bottling, of semi-processed goods or materials, but not including any of these activities where they primarily serve retail purposes to the general public;
- b) Storing or distributing something derived from the activities mentioned in a) above and for greater certainty, shall include the operation of a truck terminal, warehouse or depot and does not include self-storage warehousing for use by the general public or retail sales associated with the goods stored or distributed, or accessory storage of a commercial building;
- c) Research or development in connection with activities mentioned in a) above;
- d) Retail sales of goods produced by activities mentioned in section a) at the site where the manufacturing, producing or processing from raw materials or semi-processed goods takes place and for greater certainty, includes the sale of goods or commodities to the general public where such sales are accessory or secondary to the industrial use, and does not include the sale of goods or commodities to the general public through a warehouse club;
- e) Office or administrative purposes, if they are carried out:
  - i.) with respect to the activity mentioned in section a), and
  - ii.) in or attached to the building or structure used for activities mentioned in section a) and
  - iii.) for greater certainty, shall include an office building located on the same property as, and used solely to support, the activities mentioned in section a);
- f) A business that stores and processes data for retrieval, license or sale to end users and are on lands zoned for industrial uses; or
- g) Businesses that develop computer software or hardware for license or sale to end users that are on lands zoned for industrial uses.

**"Non-targeted Industrial Uses"** means the following economic sectors and industrial uses, and may be amended from time to time:

- Warehouses;
- Transportation and Logistics;
- Businesses that store and process data for retrieval;
- Truck terminals.

**"Qualified Person"** means a person as defined by Section 168.1 of the *Environmental Protection Act Ontario* and *Ontario Regulation 153/04* (as amended by *Ontario Regulation 66/08*) who meets the qualifications to be a qualified person.

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**"Redevelopment"** means the construction of a new industrial building and/or the expansion of or addition to an existing industrial building on previously developed land.

**"Rehabilitation"** means the physical process undertaken (including constructed improvements) to an existing industrial building on previously developed land to return the building to a usable state.

**"Speculative" ("Shell") Industrial Building** means a building that is developed with no formal commitment from an end user and the building will be leased to tenants or sold after its completion.

**"Targeted Industrial Uses"** means the following economic sectors and industrial uses, and may be amended from time to time:

- Advanced Manufacturing including:
  - Renewable and Clean Technology;
  - Automotive;
  - Agri-food/Food Processing; and,
  - Defense and Aerospace;
- Life and Health Sciences;
- Information Technology and Digital Media; and
- Research and Development.

**"Urban Growth Boundary"** means the area referred to and shown in the City's Official Plan as the "Urban Growth Area" or "Urban Growth Boundary".

General Program Requirements

Applicants are eligible to apply for funding under this program, subject to meeting the general program requirements of the Industrial Lands Community Improvement Plan and the following program requirements:

1. An application for the Industrial Development Charges Grant program contained in this CIP:
  - a) Can be made only for development, redevelopment, rehabilitation, and/or adaptive reuse of an industrial building within the Urban Growth Boundary;
  - b) Must be submitted to and approved by the City prior to the commencement of any works to which the incentive program will apply and prior to application for building permit; and
  - c) Must include plans, drawings, studies, reports, urban design briefs, cost and other studies, details and information as required by the City to satisfy the City with respect to project eligibility, design, performance and conformity with the CIP.
2. The Industrial Development Charges Grant is considered active if Council has approved implementation of the program, and Council has approved a budget allocation for the program;
3. The City is not responsible for any costs incurred by an applicant in relation to any of the program(s), including without limitation, costs incurred in anticipation of a grant;
4. If the applicant is in default of any of the general or program specific requirements, or any other requirements of the City, the approved grant may be delayed, reduced or canceled, and the applicant may be required to repay part or all of the approved grant;
5. The City may discontinue the Development Charges Grant Program at any time, but applicants with approved grants will still receive said grant, subject to meeting the general and program specific requirements;
6. Proposed land uses must be in conformity with the Official Plan, Zoning By-law and other planning requirements and approvals;

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7. If part or all of a building(s) in a project approved for a DC grant is converted to a non-industrial use, the City may require a change of use permit, with associated costs to be paid by the applicant;
8. All proposed works approved under the incentive program shall conform to provincial laws and City guidelines, by-laws, policies, procedures, and standards;
9. All works completed must comply with the description of the works as provided in the application form and contained in the grant agreement, with any amendments as approved by the City;
10. All construction and improvements made to buildings and/or land shall be made pursuant to a Building Permit, and/or other required permits, and constructed in accordance with the Ontario Building Code and all applicable zoning requirements and planning approvals;
11. Where required by the City, outstanding work orders, and/or orders or requests to comply, and/or other charges from the City must be satisfactorily addressed prior to grant approval or payment;
12. Property taxes must be in good standing throughout the time of program application and approval.
13. City staff, officials, and/or agents may inspect any property that is the subject of an application for incentive program(s) offered by the City;
14. Eligible applicants may apply for one or more of the implemented incentive programs that are contained in the Industrial Lands CIP and/or other applicable CIPs; however, in order to avoid use of two or more incentive programs to pay for the same eligible cost, if an applicant is eligible to apply for the same program under this CIP and any other applicable CIP, the applicant can apply for DC Grant program under one CIP only;
15. The total of all grants, loans and tax assistance provided in respect of the particular lands and buildings for which an applicant is making application under the programs contained in this CIP and any other applicable CIPs shall not exceed the eligible costs of the improvements to those particular lands and buildings under all applicable CIPs.
16. For projects on brownfield sites, the owner shall meet all applicable Program Eligibility Requirements of the Brownfields Development Charge Rebate Program in the City's CIP for Brownfield Incentives, including filing in the Environmental Site Registry of a Record of Site Condition (RSC) for the property signed by a Qualified Person, submission to the City of the signed RSC, and proof that the RSC has been acknowledged by the Ministry of Environment (MOE).
17. The applicant(s) must be the registered property owner(s) for the subject lands.
18. Separate applications must be made for each discrete property under consideration for the Development Charges Grant program.
19. Industrial Development Charges Grants will not be given retroactively to recognize projects that have begun without application to this program. To be eligible for this program a complete application must be received prior to any works being done which relate to the associated building permit application.

**General Procedure and Administration**

- A building permit application must be submitted coincident with the application for funding under the Industrial DC Grant program;
- As a condition of application approval, the applicant shall be required to enter into a Grant Agreement with the City. This Agreement will specify the terms and provisions of the incentive to be provided;

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- At time of the application, Development Charges fees will be calculated by the Chief Building Official or designate.
  - i.) For “Targeted Industrial Uses”, the total dollar value calculated will be the total Industrial DC Grant available for the given project;
  - ii.) For “Non-targeted Industrial Uses”, the total Industrial DC Grant available is equivalent to 50% of Development Charges calculated to a maximum grant of \$250,000. The remainder of the development charges will be fully paid by the applicant;
  - iii.) For “speculative” (“shell”) industrial buildings, DCs are not assessed until the building permit is required for the tenant finish. The Chief Building Official or designate will determine at that stage if the tenant of a “speculative” (“shell”) industrial building is a “Targeted” or “Non-targeted” Industrial Use and will apply the grant calculations as noted in i.) and ii.) above.
  
- The administrative process by City of London Staff will ensure the following:
  - i.) The Chief Building Official, or designate, advises the Financial Planning and Policy Division of the value of the Development Charges calculated for the eligible project; and
  - ii.) The value of the calculated grant be transferred directly to the Reserve Fund for Development Charges:
    - a) For “Targeted Industrial Uses” this direct transfer is instead of Staff collecting 100% of DCs from applicants and then providing applicants with a 100% Grant to rebate the monies collected.
    - b) For “Non-targeted Industrial Uses” Staff will reduce the amount of Development Charges payable by the amount of the calculated Industrial DC Grant and collect the remaining DCs from applicants. The value of the calculated grant will be transferred directly to the Reserve Fund for Development Charges;
    - c) See Table 1 below for an example of grant calculations.

**Table 1 – Example of Industrial DC Grant Calculations**

<b>Building (Category)</b>	<b>Applicable DCs</b>	<b>Applicable Grant</b>	<b>DC Grant Amount</b>	<b>DCs Payable by Applicant</b>
<b>Agri-Food Manufacturer (Targeted)</b>	\$600,000	100%	\$600,000	\$0
<b>Shipping/Warehousing (Non-targeted)</b>	\$600,000	50% / maximum \$250,000	\$250,000	\$350,000

Grant Agreement

1. Participating property owners in the Industrial Development Charges Grant program shall be required to enter into an agreement with the City;
2. This agreement shall include but is not limited to, identification of the dollar value of the grant and confirmation of applicant's agreement with the administrative process;
3. The agreement is intended to encapsulate all of the terms and conditions included in these Incentive Program Guidelines.

Discontinuation of Program

Council may periodically review the Industrial Development Charges Grant program to determine if the program should continue, be modified, or cease to issue new commitments.

Monitoring Program

The Monitoring Program set out in this section has several purposes. It is designed to:

- a) Monitor funds disbursed through the CIP incentive programs by program type to

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- determine how the programs are being utilized, and allow City staff to properly budget for the incentive programs;
- b) Receive and monitor feedback from applicants to the incentive programs so that adjustments can be made to the incentive programs, as required;
  - c) Monitor the economic performance and impacts such as investment and new employment (total and by target sector) associated with projects taking advantage of the CIP incentive programs;
  - d) Monitor the planning, urban design and sustainability performance and impacts associated with projects taking advantage of the CIP incentive programs;
  - e) Allow for comprehensive reporting of monitoring results to Council.

This CIP is not intended to be a static planning document. It is intended to be a proactive plan to rehabilitate, revitalize, diversify and strengthen the economy in London by promoting strategic industrial land development. Information collected through the Monitoring Program should be utilized by staff to provide regular reports to Council on the amount of private sector investment being leveraged by the municipal incentive programs and the economic and other benefits associated with these private sector projects.

Furthermore, information obtained through the Monitoring Program should be used to periodically adjust the terms and administration of the incentive programs to make them even more relevant, effective and user friendly.

Description

Monitoring of the uptake and performance of the incentive programs should be done on a regular basis and these monitoring results reported to Council on an annual basis. Similarly, monitoring of progress on implementation of the Municipal Leadership Actions should be done regularly and reported to Council on an annual basis.

Table 2 presents a list of the data variables, including economic impacts, that should be collected and monitored on an individual project and aggregate basis for all projects taking advantage of the incentive programs contained in this CIP. In addition to these quantitative economic measures, City staff should also monitor:

- a) The planning, urban design and sustainability performance of projects taking advantage of the CIP incentive programs;
- b) Comments on the incentive programs and program administration received by staff from developers, property/business owners and other key opinion leaders in the real estate, development and design/build community; and,
- c) Qualitative results of the CIP in terms of the impact of the Municipal Leadership Actions.

These qualitative measures and comments should be regularly monitored and reported to Council along with the quantitative measures listed in Table 2.

**Table 2 – Monitoring Variables**

Program	Monitoring Variable
Industrial DC Grant	<ul style="list-style-type: none"> <li>• Number of applications;</li> <li>• DC Grant amount(\$);</li> <li>• Value of construction project (\$)</li> <li>• Ha. (acres) of land developed/ redeveloped;</li> <li>• Square footage of industrial space created by type (development, redevelopment, rehabilitation, adaptive reuse) and sector;</li> <li>• New FT and FTE jobs created by type (development, redevelopment, rehabilitation, adaptive reuse) and sector;</li> <li>• Increase in assessed value of participating property;</li> <li>• Increase in municipal and education property taxes of participating property;</li> <li>• Percentage of employment in “Targeted” Industrial Sectors is stable and increasing;</li> </ul>

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	<ul style="list-style-type: none"><li>• Percentage increase in number of units constructed and Gross Floor Area constructed;</li><li>• Attraction of new, and retention and expansion of existing Industrial Buildings/companies.</li></ul>
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Program Adjustments

The individual incentive programs contained in this CIP can be activated, deactivated, reduced or discontinued without amendment to this Plan. Increases in funding provided by the financial incentives contained in this CIP, or the addition of any new incentive programs to this CIP, will require a formal amendment to this Plan in accordance with Section 28 of the *Planning Act*.

The City may periodically review and adjust the terms and conditions of any of the programs contained in this Plan, without amendment to the Plan. Such minor changes will be provided to the Minister of Municipal Affairs and Housing for information purposes only.