

REPORT NO. 27 of the
ECONOMIC DEVELOPMENT
STANDING COMMITTEE
of its meeting held June 6, 2012

Present: Councillor Payne, Acting Chair
Councillor Marra
Councillor Sleiman
Councillor Valentinis

Regrets: Councillor Dilkens


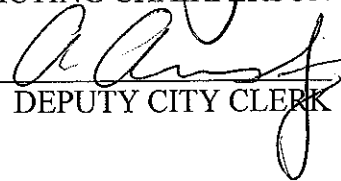
That the following recommendation of the Economic Development Standing Committee **BE APPROVED** as follows:

Moved by Councillor Marra, seconded by Councillor Valentinis,
THAT the minor revisions to the Economic Revitalization Community Improvement Plan set out in the report authored by the City Planner dated April 13, 2012 entitled "Economic Revitalization and Brownfield Redevelopment Community Improvement Plans (CIP) – 2012 Update" found in Appendix C of said report **BE APPROVED**.

Carried.

Clerk's Note: The administrative report authored by the City Planner, dated April 13, 2012 entitled "Economic Revitalization and Brownfield Redevelopment Community Improvement Plans (CIP) – 2012 Update" is attached as background information.

Liveline #15870, Z/8955 SPL/10759


ACTING CHAIRPERSON

DEPUTY CITY CLERK

NOTIFICATION				
NAME	ADDRESS	EMAIL	TELEPHONE	FAX

THE CORPORATION OF THE CITY OF WINDSOR
Economic Development Standing Committee- Administrative Report



MISSION STATEMENT:
 "The City of Windsor, with the involvement of its citizens, will deliver effective and responsive municipal services, and will mobilize innovative community partnerships"

LiveLink REPORT #: 15870 Z/8955 SPL/10759	Report Date: April 13, 2012
Author's Name: Greg Atkinson	Date to Standing Committee: June 6, 2012
Author's Phone: 519 255-6543 ext. 6582	Classification #:
Author's E-mail: gatkenson@city.windsor.on.ca	

To: Economic Development Standing Committee

Subject: Economic Revitalization and Brownfield Redevelopment Community Improvement Plans (CIP) – 2012 Update

1. RECOMMENDATION: City Wide: Ward(s): _____

THAT minor revisions to the Economic Revitalization Community Improvement Plan set out in Appendix C **BE APPROVED.**

EXECUTIVE SUMMARY:

N/A

2. BACKGROUND:

The City recently approved two Community Improvement Plans (CIP) that contain financial incentive programs aimed at achieving two of Windsor's top priorities. The first being the Brownfield Redevelopment CIP, which was adopted by Council at its April 26, 2010 meeting for the purpose of encouraging the clean-up and redevelopment of contaminated properties. The second is the Economic Revitalization CIP, which was adopted by Council at its February 14, 2011 meeting for the purposes of diversifying the local economy and creating/retaining jobs.

The CIPs allow the City to provide grants to property owners/tenants, or to undertake other community improvement activities to further the objectives of each CIP, which would otherwise be prohibited by Ontario's *Municipal Act*. To date Council has approved four grant applications under the Economic Revitalization CIP and one application under the Brownfield Redevelopment CIP.

Each CIP contains monitoring programs to track how the financial incentive programs are being used, the impact of the CIP, and to determine the need for modification. The CIPs also contain policies that require monitoring statistics associated with the incentive programs to be reported to City Council on an annual basis.

3. DISCUSSION:

Brownfield Redevelopment CIP Statistics

The City has approved one application for financial incentives under the Brownfield Redevelopment CIP in the two years it has been in effect. The application involves the clean up and redevelopment of a long-standing vacant former gas station on the south west corner of Dougall Avenue and West Grand Boulevard (Figure 1).

Although the property is relatively small (i.e. 0.13 hectares or 0.32 acres) the first application under the Brownfield Redevelopment CIP provides a physical example of the benefits associated with brownfield redevelopment—particularly at this highly visible location. In addition to approving a grant that is estimated to total \$67,567 over 10 years, Council arranged to erect a temporary sign at the property to raise public awareness of the financial incentives available within the City's Brownfield Redevelopment CIP.



Figure 1: 3001 Dougall Avenue

Economic Revitalization CIP Statistics

There have been twenty-five inquiries from new and existing businesses regarding participation in the Economic Revitalization CIP grant programs during its first year. Four applications have been approved by Council and twelve additional inquirers are currently contemplating making an application.

The applications approved by Council directly implement the goal of the CIP, which is to diversify the local economy and encourage job creation and retention within targeted sectors of the economy. Approved projects represent a range of targeted economic sectors including manufacturing, professional services, and creative industries. In addition to the diversification of the local economy, 123 existing jobs were retained in conjunction with these projects and 179 additional jobs will be created over the next 10 years.

In total 0.28 hectares (0.69 acres) of land will be developed and 9,567 square metres (102,978 square feet) of commercial and industrial space will be rehabilitated for employment uses. And with this development comes an estimated \$4,199,600 in private sector investment as well as an estimated \$2,182,157 in increased property assessment. The largest investment is being made by Contract Glaziers Inc., which is expanding its manufacturing plant at 620 Sprucewood Ave (Figure 2) to accommodate growing demand for its glass building components. The CIP was a key part of Contract Glaziers' decision to expand at its current location as opposed to moving outside of the City or the Province.

The projects approved by Council also implement a number of specific CIP objectives related to the reuse of vacant land and buildings, reuse of historic industrial sites, establishment of sector clusters, and increasing the non-residential assessment base. The Raindance Centre—a film and digital media incubator located at 703-717 Ouellette Ave (Figure 3) and Windsor Rubber Processing Ltd. located at 1680 Kildare Rd (Figure 4) will each reuse vacant buildings that are currently on the City's Municipal Heritage Register.

And while not on the Heritage Register, the long standing former bank building on the northwest corner of Ouellette Ave and Wyandotte St W (Figure 5) has been reused by Tessonics—a high tech research and development company. Both Downtown projects (i.e. The Raindance Centre and Tessonics) propose to anchor a cluster of employment activities within their respective sectors.

The total estimated value of financial incentives approved within the past year is \$1,233,593, which will be paid out over the next 10 years. The grants are funded from increased municipal taxes paid by businesses as a result of the approved developments, which is revenue the City would not have received had these projects not gone forward.

Every \$1 of financial incentive approved for the above mentioned projects has leveraged \$3.40 in private sector investment.



Figure 2: 620 Sprucewood Avenue

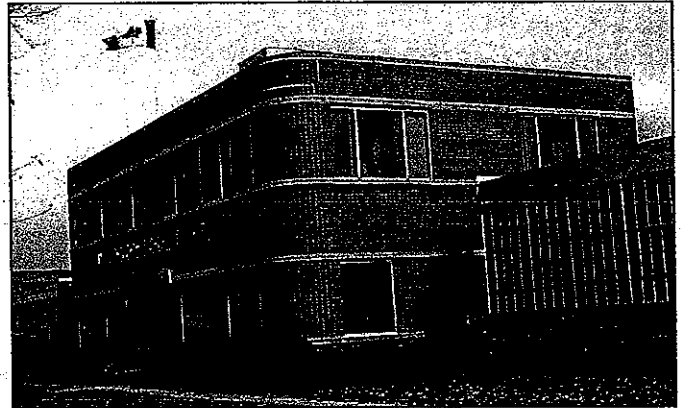


Figure 4: 1680 Kildare Road

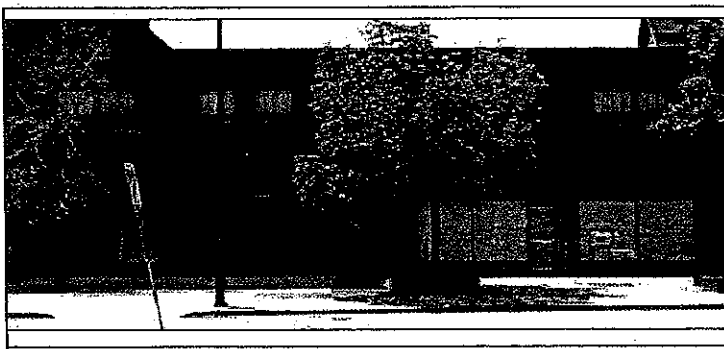


Figure 3: 703-717 Ouellette Avenue

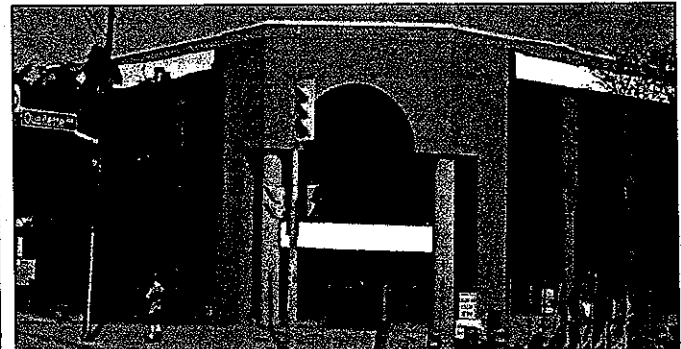


Figure 5: 597 Ouellette Avenue

Recommended Minor Revisions to the Economic Revitalization CIP

1. Encouraging Reuse of Vacant Buildings

Three of the four properties approved by Council to participate in financial incentive programs had received a vacancy rebate on their previous year's tax bill. Section 364 of the *Municipal Act* requires municipalities to have a program to provide tax rebates for vacant or vacant portions of commercial or industrial property. The *Act* also specifies that the rebate shall be equal to 30 per cent of the taxes for commercial properties and 35 per cent for industrial properties. Accordingly, the City permits owners of vacant buildings to apply for a rebate on the previous year's taxes.

Because building vacancy does not directly affect property assessment value there is no, or very little, increase when a vacant building is renovated and occupied. In most cases investment in building reuse does not result in a tax increase, which is the sole source of funding for the financial incentives under the CIP.

The Economic Revitalization CIP specifies that grants may be adjusted to reflect the amount of all municipal tax rebates paid to the property owner including, among others, property tax rebates to reflect vacancy. Because the CIP is not clear about how the grant may be adjusted, City staff recommended that Council amend the CIP (as set out in Appendix C) to clarify the above referenced provision. It is also recommended that the definition of 'Base Rate' be amended to incorporate any vacancy tax rebate in the establishment of the base municipal taxes. This is consistent with direction provided by Council with respect to the three CIP applications involving the reuse of vacant buildings, which were approved in 2011.

Recognizing the building is currently vacant in the calculation of the grant is consistent with the CIP objectives, which support the effective and productive use of land and buildings, encourages redevelopment of the City's vacant employment land, and support investment that results in an increase in property assessment. The reuse of vacant buildings—particularly within Downtown—and underused employment land is not only an objective of the CIP but of the City's Official Plan and the Provincial Policy Statement. Clarifying this approach to grant calculation in the CIP makes the reuse of vacant buildings more attractive and provides additional certainty to potential investors.

Incorporating the vacancy tax rebate in the calculation of the 'base rate' does not affect future tax revenues as the additional grant provided to the applicant is revenue that the City is currently not receiving (i.e. assuming the building will continue to remain vacant). Failing to recognize a vacancy tax rebate in the calculation of grants has the unintended effect of pushing investors toward new construction on vacant or undeveloped land as opposed to reusing the City's currently vacant or underused building stock.

2. Retroactivity

Section 4.4.8 of the Economic Revitalization CIP does not allow applicants to apply for financial incentives related to work that was undertaken prior to the Council's approval to participate in an incentive program.

"8. *Incentive programs approved by City Council will take effect as of the date of City Council adoption and will not be applied retroactively to any work that has taken place prior to the adoption of the CIP or City Council approval to participate in an incentive program.*"

This provision is intended to reinforce the purpose of the CIP, which is to encourage investment that would otherwise not occur. It also prevents applicants from including costs that were incurred prior to the commencement of an approved project or by a previous owner. Because it is not uncommon for an application to take two months to come before Council for a decision (includes time for staff review and Standing Committee meeting), this provision creates a logistical challenge for applicants who need to initiate site preparation or building rehabilitation.

The need for flexibility is particularly important during the first few years of CIP implementation as applicants typically become aware of the financial incentives through word of mouth later in the project planning process. It is recommended that the above provision be amended (as set out in Appendix C) to preclude the inclusion of work or costs that were incurred prior to the submission/acceptance of a CIP application as opposed to Council approval. This approach is consistent with the policies in the City's Brownfield Redevelopment CIP.

3. Minor Text Revisions

A number of minor text revisions (set out in Appendix C) are also recommended for the purpose of clarity and consistency.

4. RISK ANALYSIS:

There is a risk to the community associated with vacant industrial and commercial buildings. The proposed CIP revisions are aimed at encouraging the reuse of vacant buildings. Without this encouragement vacant buildings throughout the City will continue to deteriorate, decrease in assessed property value, and negatively affect their surrounding neighbourhoods.

Cumbersome retroactivity rules risk making the CIP irrelevant to applicants who may not be able to wait for Council approval to begin work on a project.

5. FINANCIAL MATTERS:

The total value of grants approved under both CIPs is estimated at \$1,301,160, which will be issued as annual grant payments to property owners over the next ten years. The value of vacancy tax rebates which were incorporated into the calculation of the approved grants is \$28,490, which will total \$284,899 over the ten year time frame of the grant programs.

6. CONSULTATIONS:

The Economic Revitalization CIP was subject to extensive stakeholder and public consultation as part of the approval process, including two public open houses, a statutory public meeting of Council and circulation among internal City staff and the Province.

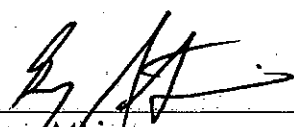
The CIP revisions recommend in this report were informed by consultation with applicants as part of the grant approval process. Staff from the City's Planning, Finance, and Legal departments were consulted in the preparation of this report and the recommended CIP revisions.

Section 6.4 of the Economic Revitalization CIP indicates that minor revisions, including the adjustment of terms and requirements of any of the programs, may be undertaken without formally amending the CIP in accordance with the *Planning Act*. Accordingly, the Ministry of Municipal Affairs and Housing have been informed of the recommended CIP revisions.


7. CONCLUSION:

This report provides Council with a summary of the usage and impact of the Brownfield Redevelopment and Economic Revitalization CIPs.

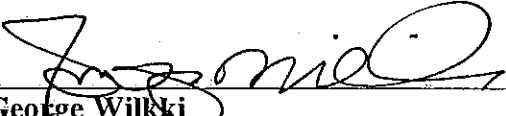
To continue encouraging the reuse and rehabilitation of the City's vacant industrial and commercial buildings, ensure flexibility in the application of the CIP programs, and remove any ambiguity related to the CIP policies, City staff recommends that Council approve minor amendments to the Economic Revitalization CIP as set out in Appendix C.




Greg Atkinson
 Senior Planner – Local Economic
 Development



Thom Hunt
 City Planner / Executive Director



George Wilkki
 City Solicitor and Corporate Leader
 Economic Development and Public Safety



Onorio Colucci
 Chief Financial Officer/City Treasurer and
 Corporate Leader Finance and Technology

GA/mf

APPENDICES:

- MAP 1: Location of Approved CIP Applications**
- Appendix A: Brownfield Redevelopment CIP Monitoring Data**
- Appendix B: Economic Revitalization CIP Monitoring Data**
- Appendix C: Recommended Economic Revitalization CIP Amendments**

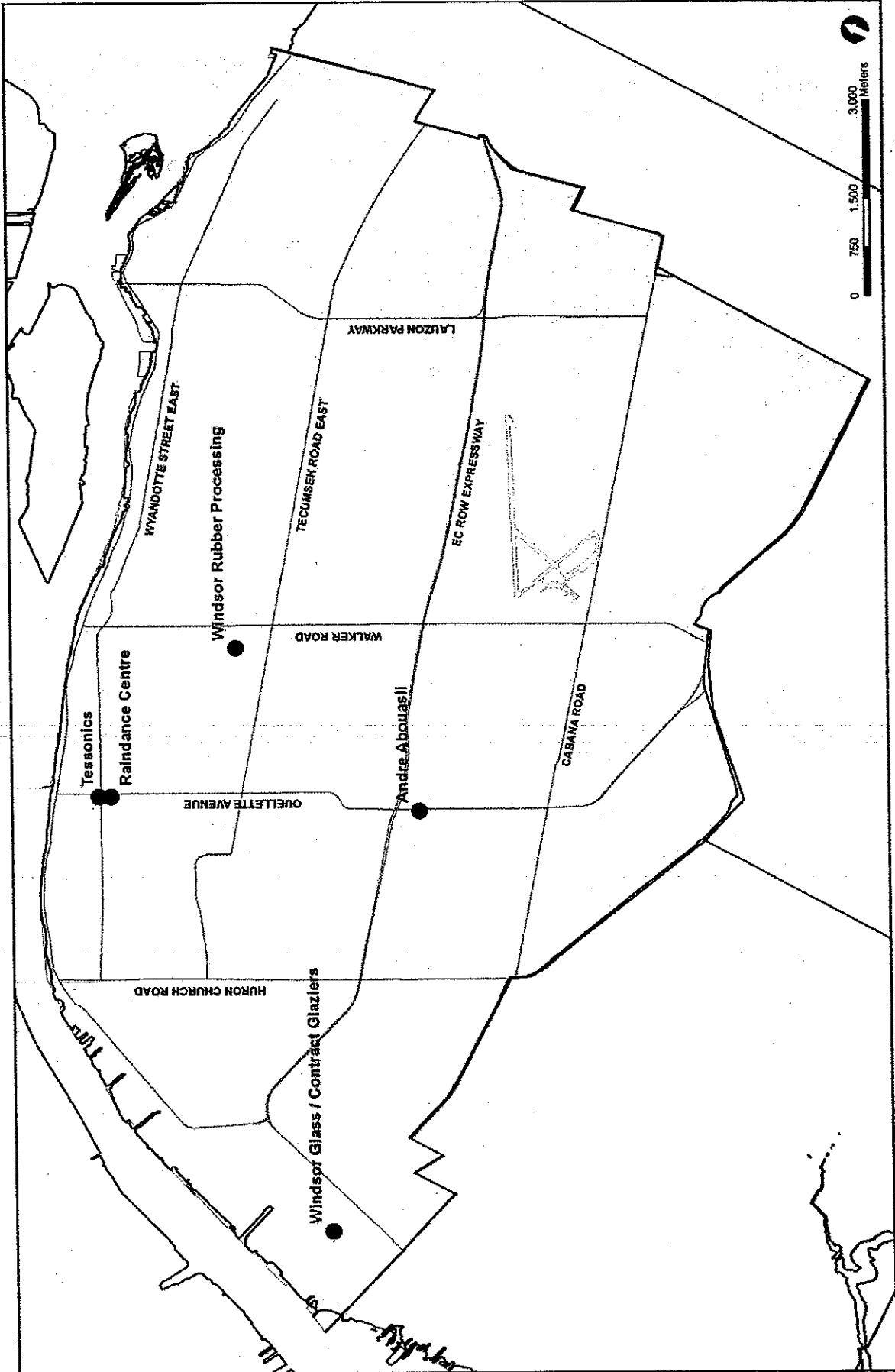
DEPARTMENTS/OTHERS CONSULTED:

- Name: Janice Guthrie, Deputy Treasurer – Taxation and Financial Projects**
Phone #: 519-255-6100 ext. 6271
- Name: Michael Cooke, Manager of Planning Policy**
Phone #: 519-255-6543 ext. 6102
- Name: Neil Robertson, Manager of Urban Design**
Phone #: 519-255-6543 ext. 6461
- Name: Wira Vendrasco, H D., Senior Legal Counsel**
Phone #: 519-255-6100 ext. 6375

NOTIFICATION :

Name	Address	Email Address	Telephone	FAX

MAP 1: Location of Approved CIP Applications



Appendix A: Brownfield Redevelopment CIP Monitoring Data

Indicator	3001 Dougall Ave (2047337 Ontario Inc.)
Number of applications	1
Cost of approved study(s)	\$0
Value of Approved Grant(s)	\$67,567
Number of feasibility or study grant applications leading actual environmental remediation and rehabilitation projects	0
Increase in assessed value of participating properties	\$167,000
Estimated and actual amount of municipal and education tax assistance provided	\$0
Hectares/acres of land remediated and redeveloped	0.15 ha (0.32 ac)
Industrial/commercial space rehabilitated or constructed	520 sq m (5,600 sq ft)
Residential units rehabilitated or constructed	0
Value of private sector investment leveraged	\$616,000
Jobs created/maintained	5
Number of program defaults	0
Amount of Development Charges Waived	\$9,847
Funding amount by project type and purpose	Brownfield Redevelopment Grant
Amount of other government funding leveraged	\$0

* Jobs created as part of CIP approvals are anticipated over the 10 year lifespan of the financial incentive program

** Grants are paid out annually of a 10 year period – the figures shown above include the total estimated value of financial incentives in years 1-10.

APPENDIX B:
Economic Revitalization CIP Monitoring Data

Indicator	620 Sprucewood Ave (Contract Glaziers)	597 Ouellette Ave (Tessonics)	703-717 Ouellette Ave (Raindance Centre)	1680 Kildare Rd (Windsor Rubber Processing)	Totals
Number of Applications	1	1	1	1	4
Number of Jobs Retained	100	23			123
Number of Jobs Created	22	20	27	30	179
Increase in Assessed Value of Participated Properties	\$1,800,000	\$100,000	\$196,157	\$86,000	\$2,182,157
Estimated Amount of Grant Approved	\$695,948	\$222,292	\$90,976	\$222,407	\$1,233,503
Actual Amount of Grant Provided (as of March 2012)	\$0	\$0	\$0	\$0	\$0
Area of Land Developed or Redeveloped in hectares (acres)	0.28 (0.69)	0	0	0	0.28 (0.69)
Industrial/Commercial Space Constructed or Rehabilitated in metres squared (sq. ft)	0	743 (7,998)	1,856 (19,977)	6,968 (75,003)	9,567 (102,978)
Value of Private Sector Investment Leveraged	\$2,111,000	\$50,000	\$740,000	\$998,600	\$4,199,600
Number of Program Defaults	0	0	0	0	0

* Jobs created as part of CIP approvals are anticipated over the 10 year lifespan of the financial incentive program

** Grants are paid out annually of a 10 year period – the figures shown above include the total estimated value of financial incentives in years 1-10.

APPENDIX C: Recommended Minor Revisions to the Economic Revitalization CIP

Text to be deleted from the Economic Revitalization CIP is shown via ~~strikeout text~~ and text to be added is shown via **bold text**.

1. Encouraging Reuse of Vacant Buildings

- a. The definition of Base Rate (Page 14) within the Economic Revitalization CIP is amended as follows:

Base Rate: is the total amount of *municipal taxes* payable in the calendar year that City Council approves the financial incentives for the *eligible works*. **The Base Rate may be reduced to reflect a vacancy tax rebate where such a rebate was issued for the previous tax year and the subject property, or a portion thereof, is vacant at the time of an application.**

- b. The following definition is added to page 16 of the Economic Revitalization CIP:

Vacancy Tax Rebate: is a tax rebate issued under section 364 of the Municipal Act.

- c. The following text relating to grant adjustments appearing on Pages 25, 29, and 33 of the Economic Revitalization CIP be amended as follows:

Grant Adjustments

The City of Windsor reserves the right to adjust the amount of the Business Development Grant to reflect:

- A decrease in the level of investment and/or number of *jobs* that were used in the original business case to support the application for a Business Development Grant;
- How well the proposed *development or redevelopment* meets the objectives outlined in this CIP;
- The amount of all rebates of *municipal taxes* paid to the ~~property owner~~ **applicant following the commencement of the grant program**, including property tax rebates to reflect vacancy, charitable status, heritage status, etc; and,
- The reduction of *municipal taxes* payable resulting from a successful assessment appeal.

2. Retroactivity

Section 4.4.8 (Page 20) of the Economic Revitalization CIP is amended as follows:

Incentive programs approved by City Council will take effect as of the date of City Council adoption and will not be applied retroactively to any work that has taken place prior to the adoption of the CIP or City Council approval to participate in an incentive program **acceptance of a complete application for a financial incentive program.**

3. Minor Text Revisions

Sections 4.5.9 (Page 23), 4.6.9 (Page 27), and 4.7.9 (Page 31) of the Economic Revitalization CIP are amended as follows:

Grants only remain in effect as long as the use(s) remain *eligible uses* as defined by this CIP. ~~If a proposed development or redevelopment is not an eligible use in one of the prescribed sectors, it will not be eligible for a Business Development Grant.~~