

## 5.3 Tax Increment Equivalent Grant for Major Projects and Brownfield Development

### Purpose and Anticipated Benefits

The Tax Increment Equivalent Grant for Major Projects is intended to stimulate investment by effectively deferring part of the increase in property taxation as a result of the major development, redevelopment, reconstruction, or rehabilitation of lands or buildings. Grants that are equivalent to a percentage of the resulting **Municipal and/or County portion** of the property tax increment are provided to a property owner following the reassessment of the property. This incentive program applies to larger-scale redevelopment projects, including Brownfield developments. Please be sure to speak with Economic Development staff at Elgin County to discuss project eligibility.

### Value of Grant

*Applicants should refer to the definition for Tax Increment provided in the Glossary of this CIP, or contact Economic Development staff at Elgin County, in order to further understand how grant values will be calculated.*

Where a proposed project satisfies the eligibility requirements, a Tax Increment Equivalent Grant for Major Projects may be provided on approved applications as follows:

- Following reassessment, a grant that is equivalent to 100% of the **Municipal and/or County portion of the tax increment** will be provided to a property owner. Grants will be provided for a period of 5 years. Following year one, and for each year thereafter, the value of the grant will decrease as follows:
  - In year two, the grant will be equivalent to 90% of the Municipal and/or County portion of the tax increase;
  - In year three, the grant will be equivalent to 80% of the Municipal and/or County portion of the tax increase;
  - In year four, the grant will be equivalent to 70% of the Municipal and/or County portion of the tax increment; and
  - In year five, the grant will be equivalent to 60% of the Municipal and/or County portion of the tax increase.
- The maximum value of an annual grant will increase where the property is located within a 'Priority Area' (as discussed in Section 4.3 of this CIP), or for an identified Brownfield site. In this case, a grant that is to equivalent to 100% of the **Municipal and/or County portion of the tax increase** will be provided to a property owner for a period of five years.

- At the County's sole discretion, where a property is not located within a 'Priority Area', annual rebates of up to 100% of the County's portion of the property tax increase may be negotiated between the applicant and the County where:
  - it is demonstrated that the incentive is integral to the financial success of the initiative, or
  - the development incorporates exemplary design standards.
- Upon reassessment of the property by MPAC following the completion of the project, should the total value of the grant be significantly less than the estimated value, the applicant may then have the opportunity to withdraw their application for the Tax Increment Equivalent Grant for Major Projects, and apply for one or more of the additional programs offered through this Plan – which may result in a more significant grant value.
- In no case will the value of the grant exceed the eligible costs.

#### **Program-specific Eligibility Criteria**

To be eligible for the Tax Increment Equivalent Grant for Major Projects, the following criteria must be met (in addition to the general eligibility criteria set out in Section 5.2 of this CIP):

- a) The applicant must be a registered owner/assessed owner of private property located within a 'Sub-Area'. Tenants are not eligible for this program.

- b) Properties and uses must be eligible in accordance with the Table on page 5-3 of this CIP. While mixed-use projects are encouraged, multi use residential, where it represents a desired intensification project, and is approved through the local Official Plan, may be eligible for the TIEG program.
- c) The proposed project must be 'major', meaning that only those projects that are anticipated to generate a tax increment as a result of property reassessment will be eligible to apply..
- d) A property is eligible for the Tax Increment Equivalent Grant for Major Projects once during the term of this CIP.
- e) The property owner is responsible for the entire cost of the major project.

#### **Eligible Projects and Costs**

The Tax Increment Equivalent Grant for Major Projects may be provided for the following types of major projects on eligible properties:

- a) The development, redevelopment of a property for the purpose of a new eligible uses;
- b) The restoration or improvement of an existing building to accommodate an eligible use;
- c) The conversion of an existing building to accommodate an eligible use;
- d) The expansion of a building that results in an increase to the gross floor area of an eligible use;

- e) Infrastructure work including the improvement or reconstruction of existing on-site public infrastructure (water services, sanitary and storm sewer); and
- f) The services of a professional engineer, architect or planner to design and implement the project.
- g) Any remaining costs associated with Brownfield remediation and redevelopment that were not provided through the Brownfield Tax Assistance Program (see Section 5.14).

Other types of projects may also be considered eligible, at the

### Examples of Projects that may be eligible for the Tax Increment Equivalent Grant for Major Projects:

- Development of a new 2 storey mixed-use building on a commercial property in a downtown area.
- Major conversion of the upper floor of an existing commercial building to new residential units.
- Major redevelopment of an existing commercial property in a Settlement Area for a commercial use.
- Major conversion of an existing agricultural building to accommodate a bed and breakfast establishment with up to 6 rooms.
- Major expansion of an existing manufacturing operation.

discretion of Council.

### Payment

The total value of grants shall not exceed the total eligible costs of an approved project as invested by the applicant, or shall not be paid to the applicant for a period more than five years, whichever is the lesser amount.

Grants may require a financial pro-forma (at the expense of the applicant), an independent third party financial review (at the expense of the applicant), and a signed agreement (specifying terms, conditions, performance expectation and duration of the grant).

If a participating property is sold, in whole or in part, before the grant period elapses, the applicant and/or the subsequent landowner is not entitled to outstanding grant payments (on either the portion sold or retained by the applicant.). The Municipality may, entirely at its own discretion, enter into a new agreement with any subsequent owners of the property to receive outstanding grant payments under this program.

Applicants receiving the Tax Increment Equivalent Grant for Major Projects will not be eligible for any additional incentive programs offered through this Plan in any given year during the term of the CIP. The Tax Increment Equivalent Grant for Major Projects may not be combined with any other financial incentive programs offered by this CIP.

[TO BE INSERTED] Elgincentives Community Improvement Plan  
September 2015, Updated March 2019

Financial Incentive Program	Settlement Sub-Area Eligible Uses	Agricultural Sub-Area Eligible Uses	Employment Lands Sub-Area Eligible Uses	Value of Grant in a Sub-Area	Value of Grant in a Priority Area	May be combined with other incentives
<b>Tax Increment Equivalent Grant</b>	C,M,T,O,E, HDR	A,O,E	E, I	100% of the Municipal and/or County portion of the tax increase decreasing by 10% for a period of 5 years	100% of the Municipal and/or County portion of the tax increase for a period of 5 years.	Only the Brownfield Financial Tax Assistance Program
<b>Façade, Signage and Property Improvement Grant</b>	C,M,T,O,E	A,O,E	E, I	<b>Façade:</b> 50% of eligible costs to a max. of \$5,000 (may increase to \$7,500 if criteria are met) <b>Signage:</b> 50% of eligible costs to a max. of \$2,500 (may increase to \$5,000 if criteria are met) <b>Property:</b> 50% of eligible costs to a max of \$2,500	Façade: 50% of eligible costs to a max of \$10,000 Signage: 50% of eligible costs to a max of \$7,500 Property: 50% of eligible costs to a max of \$5,000	Yes*
<b>Building Improvement/Restoration Grant</b>	C,M,T,O,E	A,O,E	E, I	50% of eligible costs to a max. of \$8,000	50% of eligible costs to a max of \$10,000	Yes*
<b>Building Conversion/Expansion Grant</b>	C,M,T,O,E	A,O,E	E, I	\$15 per square foot of converted or expanded floor space, to a maximum of \$8,000	Maximum value of grant may be increased to \$10,000	Yes*
<b>Energy Efficiency Retrofit Grant</b>	C,M,T,O,E	A,O,E	E, I	25% of retrofit costs to a maximum of \$7,500	Maximum value of the grant may increase to \$10,000	Yes*
<b>Outdoor Art Grant</b>	C,M,T,O,E (Must be in a Priority Area)	A,O,E	E, I	N/A	50% of eligible costs to maximum of \$3,000	Yes*
<b>Feasibility, Design, and Study Grant</b>	C,M,T,O,E	A,O	E, I	50% of the eligible cost of the improvements to a maximum of \$2,000	Same	Yes*
<b>Application and Permit Fee Grant</b>	C,M,T,O,E	A,O,E	E, I	50% of the Municipal and/or County portion of the eligible cost to a maximum of \$2,000	Same	Yes*
<b>Multiple Property Owner Supplemental Grant</b>	C,M,T,O,E	A,O,E	E, I	Provided in addition to grant identified above, if criteria are met. 15% of the total value of the grant provided to each owner or tenant, to a maximum of \$1,000 per owner or tenant.		Yes*
<b>Savour Elgin/Elgin Arts Trails Supplemental Grant</b>	C,M,T,O,E	A,O,E	E, I	Provided in addition to grant identified above, if criteria are met. 15% of the total value of the grant provided to each owner or tenant, to a maximum of \$2,000 per owner or tenant.		Yes*
<b>Environmental Study Grant</b>	C,M,T,O,E, HDR	A,O,E	E, I	50% of eligible costs to a max of \$8,000.	Same	Yes*
<b>Brownfield Financial Tax Assistance Grant</b>	C,M,T,O,E, HDR	A,O,E	E, I	Cancellation of all or part of the Municipal and/or County taxes for up to 5 years. May include cancellation of Provincial education taxes up to 3 years (subject to Provincial approval)	Same	Only the Tax Increment Equivalent Grant

C – Commercial  
M – Mixed Uses  
T – Tourism-oriented commercial/service  
O – Outdoor Recreation  
A – Secondary and agriculture related uses to existing farm operations  
E - Employment  
I – Industrial  
N/A – Not Available  
\* Total value of grant may not exceed \$15,000

HDR – Higher Density Residential (Intensification sites as identified by the Local Municipal Official Plan)

