

# **TORONTO** STAFF REPORT

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April 23, 2003

To: Etobicoke Community Council  
Policy and Finance Committee

From: Commissioner, Economic Development, Culture and Tourism  
Commissioner, Urban Development Services  
Chief Financial Officer and Treasurer

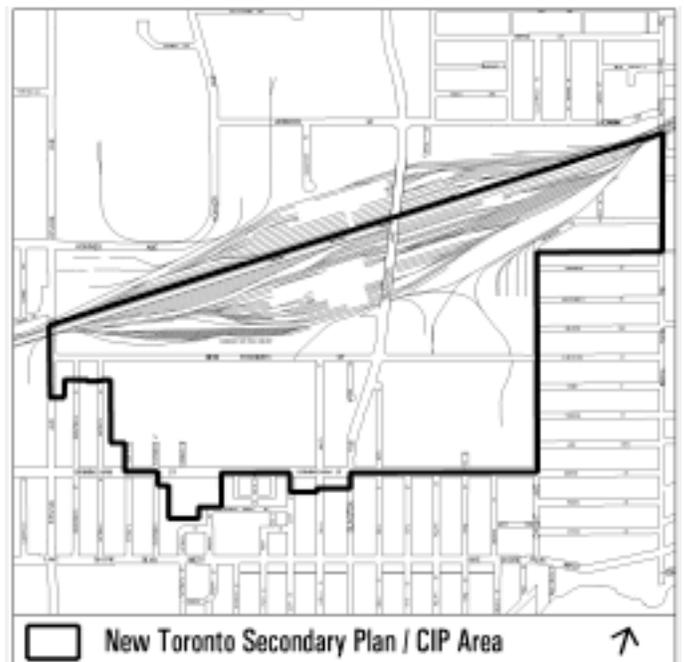
Subject: Community Improvement Plan for the New Toronto Area, including a Pilot Revitalization Incentive Program.  
Etobicoke-Lakeshore (Ward 6)

Purpose:

The purpose of this report is to present a Community Improvement Plan (CIP) for the New Toronto Area, including a pilot Revitalization Incentive Program. The Community Improvement Plan and Revitalization Incentive Program are designed to stimulate reinvestment and redevelopment of the New Toronto Area for employment uses, consistent with the policies contained in the new Official Plan and the Toronto Economic Development Strategy.

Financial Implications and Impact Statement:

The provision of revitalization incentives within the New Toronto area will result in new property tax revenue from redevelopment and new construction in the CIP area. Rehabilitation Grants are funded entirely from new incremental tax revenues that, but for the provision of financial incentives, the City would not otherwise have realized. An account will be established to direct a portion of incremental tax revenues in each year of the program's operation in an amount sufficient to fund annual grants provided. The balance of new tax revenues will contribute to the City's overall tax revenues arising from new assessment growth.



Of the total incremental tax revenue realized, a maximum of 55 percent will be returned to property owners in the form of rehabilitation grants over a ten-year term. Where additional remediation grants are provided, a maximum of 62.5 percent of total incremental tax revenues may be returned to property owners over a maximum of twelve years. The balance in each case will contribute to the City's overall new tax revenue. Following the term of the grant, 100 percent of all tax revenues from these developments will flow to the City.

Commercial and Industrial Façade Improvement Grants are currently identified within the annual budget allocation for the Economic Development, Culture and Tourism Department. Any additional funding required for Façade Improvement Grants to be provided within the New Toronto Community Improvement Plan Area in 2004 and subsequent years will be identified as a component of the annual budget submission for Economic Development Culture and Tourism (EDCT) for 2004 and future years.

Recommendations:

It is recommended that:

- (1) City Council designate the New Toronto Area as shown in Attachment 2 to this report as a Community Improvement Project Area;
- (2) City Council adopt a Community Improvement Plan and Revitalization Incentive Program for the New Toronto Area as set out in Attachment 3 of this report, which Revitalization Incentive Program includes:
  - (a) Rehabilitation Grants; and
  - (b) Commercial/Industrial Façade Improvement Grants;
- (3) the City Solicitor be directed to introduce the necessary Bills in Council to give effect to the foregoing;
- (4) City Council authorize the City Solicitor to make such stylistic and technical changes to the draft by-law attached to this report as may be required;
- (5) the Commercial Façade Improvement Grant Program, approved by Council at its meeting held on October 8, 2000, be expanded to include industrial facades within the New Toronto Community Improvement Project Area, and that the City Solicitor be authorized to make any necessary technical amendments to the approved terms, conditions, criteria, and letter of understanding to render them applicable to industrial facades;
- (6) Council approve the Rehabilitation Grants outlined in the Revitalization Incentive Program as set out in Attachment 3, delegate administration of the Rehabilitation Grants to the Commissioner of Economic Development, Culture and Tourism and his or her designate, and authorize the Commissioner of Economic Development, Culture and Tourism and his or her designate to sign grant agreements, in a form satisfactory to the City Solicitor, on behalf of the City;

- (7) Rehabilitation Grants be deemed to be in the interests of the municipality;
- (8) the Community Improvement Plan be forwarded to the Ministry of Municipal Affairs and Housing for approval;
- (9) the Province of Ontario be requested to allow an amount equivalent to the education portion of property taxes to be included in grant amounts provided under the Revitalization Incentive Program, and to reduce the City of Toronto's education tax levy by a corresponding amount in each year of the program's operation; and
- (10) the appropriate City Officials be authorized and directed to take the necessary action to give effect thereto, including the introduction of all necessary bills.

Background:

In 1999, Urban Development Services initiated a Secondary Plan review of the New Toronto employment lands, generally defined as those lands bound to the north by the CN rail yard, to the south by Birmingham Street, to the west by Kipling Avenue, and to the east by Dwight Avenue. (Attachment No. 2). Three land use options were explored. At its November 2001 meeting, City Council endorsed an employment option and directed staff to establish a process to bring together appropriate parties as part of the preparation of the secondary plan recommendations.

Since November 2001, a local stakeholder group has been meeting in conjunction with the local councillor. Major property owners agreed to hold any requests for residential development in abeyance and to advance employment reuse subject to a number of initiatives to enhance the physical, social, aesthetic, and financial environments.

At its November 2002 meeting, Council directed staff to formulate the implementation details of a Community Improvement Plan including a pilot project incentive program, for the New Toronto Area.

This report recommends the adoption of a CIP for the New Toronto Area.

Comments:

Section 28 of the *Planning Act* provides Council with the authority to prepare and adopt a Community Improvement Plan that is then forwarded to the Minister of Municipal Affairs and Housing for review and final approval. The first step is to designate an area as a Community Improvement Project Area under subsection 28(2) of the *Planning Act*. Once such an area is designated, Council may then prepare a Community Improvement Plan. South Etobicoke, including New Toronto, has been designated as a Community Improvement Project Area in the former City of Etobicoke Official Plan and this designation has been carried over in the City of Toronto new Official Plan. The goals of this CIP are consistent with and build upon the community improvement goals of the City of Toronto Official Plan.

Subsection 28(7) of the *Planning Act* authorizes a municipality to make grants or loans to registered or assessed owners, and to tenants, of lands and buildings within Community Improvement Project Areas towards the cost of rehabilitating properties in conformity with a Community Improvement Plan, subject to the approval of the Minister of Municipal Affairs and Housing. Any person or public body may appeal the Minister's decision regarding the CIP to the Ontario Municipal Board. If an appeal is filed the decision of the Ontario Municipal Board will be final.

(1) CIP Objectives

Staff have prepared a Community Improvement Plan (CIP) that is intended to stimulate reinvestment and redevelopment of the New Toronto Area. The approach of establishing public and private initiatives to support employment reuse is consistent with the strategic directions provided in the "New Toronto Policy Directions and Land Use Options" report prepared for Urban Development Services. A draft copy of the CIP is attached to the report as Attachment 3.

The goals of this CIP are consistent with and build upon the community improvement goals of the City of Toronto Official Plan. The CIP establishes a framework to support redevelopment of the New Toronto industrial lands. The goals and objectives of the Plan are to:

- (a) stabilize this valuable employment centre and remove land use uncertainty;
- (b) encourage rehabilitation of the existing employment uses;
- (c) attract new employment investment to any lands and/or buildings that are vacant, underutilized, idled, or in need of repair or renovation, resulting in increased assessment and tax revenue;
- (d) retain and increase employment opportunities;
- (e) reduce urban sprawl and its related costs;
- (f) improve the physical and visual quality of this employment centre;
- (g) improve environmental health and safety; and
- (h) stimulate private investment activity and private property maintenance.

(2) CIP Components

The CIP includes several policy tools for revitalization and reinvestment including a Commercial/Industrial Façade Improvement Grant and a capital works program that explores public/private partnerships for the investment of public infrastructure on public and private lands. These policy tools are typical for previous Community Improvement Plans approved by the City of Toronto. In addition to these initiatives, staff are recommending the inclusion of a Revitalization Incentive Program, intended to encourage rehabilitation of lands and/or buildings that are vacant, underutilized, idled, or in need of repair. These initiatives are designed to have a positive impact on the City's budget through increased property tax revenues. In addition, accelerating reinvestment with incentives will result in job creation and improved community appearance, which would not otherwise be realized if the lands remain undeveloped.

In preparing this revitalization incentive program City staff retained Urban Intelligence and Dr. Peter Tomlinson to make recommendations for a financial incentive program within the CIP.

(3) Revitalization Incentive Program

A Revitalization Incentive Program forms part of the CIP. This incentive program is aligned with the City's Employment Revitalization (ER) Area Program, administered by the Economic Development Division. It supplements current initiatives within the ER program, and is designed to retain and attract employment investment and encourage development and new construction within the community improvement plan area by providing financial incentives to eligible property owners. Application of this initiative falls within the purview of the ER program and its core criteria, specifically:

- (a) designated by Council as an Employment Revitalization (ER) Area (requires completion of a strategic plan prepared by a community stakeholder group that identifies a vision for area development);
- (b) a significant employment base that is threatened with uncertainty, job loss, vacancies, infrastructure deficiencies, or a declining appearance;
- (c) potential for adding employment and up-grading the employee base;
- (d) broad stakeholder involvement and collective commitment to develop a revitalization strategy for the area;
- (e) potential to develop and access local volunteer capacity and financial and/or in-kind resources to set up a self-sustaining business, industrial or employment network; and
- (f) the surrounding neighbourhood will be upgraded and enhanced by various revitalization initiatives.

(4) Rationale for the Revitalization Incentive Program

Facilitating economic growth through government policy by providing a sufficient long-term supply of employment lands and industrial space for existing business to expand and for new business start-up is essential to maintain Toronto as a viable business location, both now and in the future. The city's financial position depends on a strong industrial/ commercial assessment base and quality jobs for our citizens. Underutilized, vacant, or abandoned sites not only affect opportunities for economic growth and prosperity, but also the healthy stewardship of our natural environment. The rationale for implementing the pilot Revitalization Incentive Program in the New Toronto Community Improvement Project Area includes the following:

- (i) the City of Toronto has designated South Etobicoke (including the New Toronto Community Improvement Area) an Employment Revitalization (ER) Area;
- (ii) there is a timing urgency associated with the resolution of land use issues for the New Toronto Area and the prospect for immediate reinvestment with the implementation of a Revitalization Incentive Program designed to stimulate reinvestment in this declining/aging employment area;
- (iii) the lost opportunity for significant assessment, tax revenue, and jobs that could be realized through the productive reuse of approximately 28 ha (70 ac) of industrial lands that have remained vacant and idle for more than a decade;

- (iv) the uncertainty associated with the future redevelopment of the vacant industrial lands jeopardizes the continuing viability and expansion of existing industrial uses within this employment area;
  - (v) the abandoned and deteriorating image detracts from new investment;
  - (vi) the reuse of existing employment sites in this mature and serviced area maximizes the use of existing infrastructure;
  - (vii) the potential for soil clean-up and remediation on properties characterized by environmental contamination reduces the risks to human health and the environment, without the city having to assume ownership, responsibility or direct costs for cleanup; and
  - (viii) to support the collective efforts of community stakeholder groups toward regeneration initiatives in South Etobicoke, particularly the Lakeshore Community Partnership and the South Etobicoke Industrial Employers Association.
- (5) Revitalization Incentive Program Description

The Revitalization Incentive Program features two primary components:

- (a) Rehabilitation Grant
- (b) Commercial/Industrial Façade Improvement Grant

(6) Rehabilitation Grant

Rehabilitation Grants are intended to encourage and support rehabilitation projects that increase assessment and property tax revenues, while stabilizing the employment area and thus facilitating both the attraction of new employment uses, and the expansion of existing operations. Rehabilitation Grants may also include an additional Remediation component where environmental remediation is required.

A series of annual grants may be available to eligible owners who undertake rehabilitation within the New Toronto Community Improvement Project area where such rehabilitation efforts result in an increase in a property's assessed value. Funding for grants to property owners is derived from a portion of the increase in property tax revenue arising from the rehabilitation (the tax increment).

Rehabilitation Grants are payable over a 10-year period following rehabilitation and reassessment. Annual grants are based on the total increase in the municipal portion of property taxes following rehabilitation, over a predetermined "base level" municipal tax (the pre-rehabilitation municipal taxes). This difference is referred to as the municipal tax increment. The total potential grant available is established on a site-specific basis and is a function of the total increase in assessed value arising from a rehabilitation project. A minimum \$500,000 investment (based on Building Permit value) is required. The grant is calculated and paid each year as a declining percentage of the municipal tax increment, starting at 100 percent of the tax increment in the first year, decreasing to 90 percent in year 2, 80 percent in year 3, and so on until year 10 where the grant amount is calculated at 10 percent of the municipal tax increment. Thereafter, 100 percent of all tax revenues from the development will flow to the City.

Rehabilitation Grants may not exceed the total cost of the rehabilitation as evidenced by the primary building permit associated with the rehabilitation.

An additional Remediation component may also be available to eligible properties where environmental remediation is undertaken in conjunction with rehabilitation to address contamination. To qualify, property owners must have completed a Phase II Environmental Site Assessment that identifies contaminants exceeding allowable Ministry of Environment limits. The Remediation component is calculated as 100 percent of the municipal tax increment, and is available for up to two years preceding the term of Rehabilitation Grants. The Remediation component is not available as a stand-alone grant, as it is only payable if new construction/reconstruction of the property occurs following remediation and an increase in assessed value occurs. The total Remediation component may not exceed the property owner's total actual remediation costs.

Figure 4.1.3 contained in Attachment 3 to this report provides an example of how the Rehabilitation Grant with the Remediation component would apply together. In this example, the pre-rehabilitation municipal property tax is \$20,000 (taxes that would have been paid on the property had it been left in its previous "undeveloped" state), with annual municipal taxes of \$120,000 following rehabilitation. The municipal tax increment is \$100,000. The Remediation component is paid at 100 percent of the municipal tax increment in the first two years following development and reassessment, followed by 10 years of a Rehabilitation Grant. The annual Rehabilitation Grant is calculated as a declining percentage of the municipal tax increment. Alternatively, if the subject lands are not contaminated, only the Rehabilitation Grant would apply.

Eligible lands include those employment properties located in the New Toronto Community Improvement Project Area that are currently vacant or have existing structures and/or uses at the time of application, and that meet the additional eligibility criteria set out in Appendix 1 to the Community Improvement Plan. Eligible land uses are those that support and augment the business and economic activity of the New Toronto Employment Area, and generally include office, industrial (manufacturing and processing, warehousing and distribution), research and development facilities, and film and media. Ineligible land uses include residential, retail centres and automotive service.

#### (7) Commercial/ Industrial Façade Improvement Grant

The Commercial/ Industrial Façade Improvement Grant is the second component of the Revitalization Incentive Program, and is designed to improve the physical and visual environment as part of the broader reinvestment strategy. A Commercial Façade Improvement Grant is already in effect in some parts of the city and will be expanded to include industrial facades within the New Toronto Community Improvement Plan Area.

(8) Duration

Applications for the Revitalization Incentive Program will be accepted for two years following Council approval, and are not available on a retroactive basis. After the two-year period, the program will be reviewed to determine its effectiveness in achieving the objectives set out in the Community Improvement Plan. Council may cancel the Revitalization Incentive Program at any time. Discontinuation of the program or a change in grant entitlement after the first two years will not affect previously approved grants.

(9) Administration

The City of Toronto Economic Development Office will manage and administer the Revitalization Incentive Program with participation from TEDCO, Finance, and Urban Development Services. A “one window” approach will be utilized through a single application submitted to the Toronto Economic Development, Small Business & Local Partnerships Office.

For the Rehabilitation Grant, an inter-departmental team will be struck to undertake pre-screening of applications. If the application meets the eligibility criteria, a Grant Agreement will be prepared based on the program criteria and the proposed initiative. The Grant Agreement will identify, among other things, the desired outcome(s), estimated cost(s), and timeline(s). A Recommendation Report and draft Grant Agreement will be submitted to the Commissioner of Economic Development, Culture and Tourism for approval.

The Commercial/Industrial Façade Improvement Grant will be administered in accordance with the terms, conditions, criteria and letter of understanding approved by Council at its meeting of October 8, 2000, for the Commercial Façade Improvement Grant, subject to technical amendments by the City Solicitor to render them applicable to industrial facades.

A review of the potential up-take of the Revitalization Incentive Program indicates approximately 13 sites may take advantage of the Rehabilitation Grant and an additional 12 properties may apply for the Commercial/ Industrial Façade Improvement Grant. This is an aggressive estimate based on a review of properties within the study area, with specific consideration to size, configuration, built form, and industry intelligence.

Conclusions:

Staff from UDS, Finance and Economic Development have drafted a CIP for the New Toronto area, which includes a Revitalization Incentive Program. This plan will be submitted to Etobicoke Community Council for its May 7, 2003 meeting, and forwarded to the May 8, 2003 meeting of the Policy and Finance Committee, for consideration by Council at its May 21, 2003 meeting. The objectives of the plan, among other things, are to retain and facilitate the expansion of existing employment uses; stabilize the employment area and remove land use uncertainty; attract new employment uses; and increase tax assessment and revenues for the City. Overall, the CIP and Revitalization Incentive Program are intended to encourage reinvestment in the lands and community, which would not otherwise be realized if the lands remain undeveloped.

The CIP provides tools for revitalization and reinvestment including a Revitalization Incentive Program and a capital works program intended to facilitate public/private partnerships for the investment of public infrastructure on public and private lands.

The Revitalization Incentive Program for the New Toronto Community Improvement Plan area is a pilot project, aligned with the City's Employment Revitalization Area Program administered by the Economic Development Division. It will supplement current initiatives within the Employment Revitalization (ER) program, and is designed to attract employment investment to the New Toronto Community Improvement Project area. The CIP also provides for improvements on private lands that enhance the functional and visual quality of this employment area.

Staff Contact:

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Len Brittain, Director  
Corporate Finance

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Paula M. Dill  
Commissioner  
Urban Development Services

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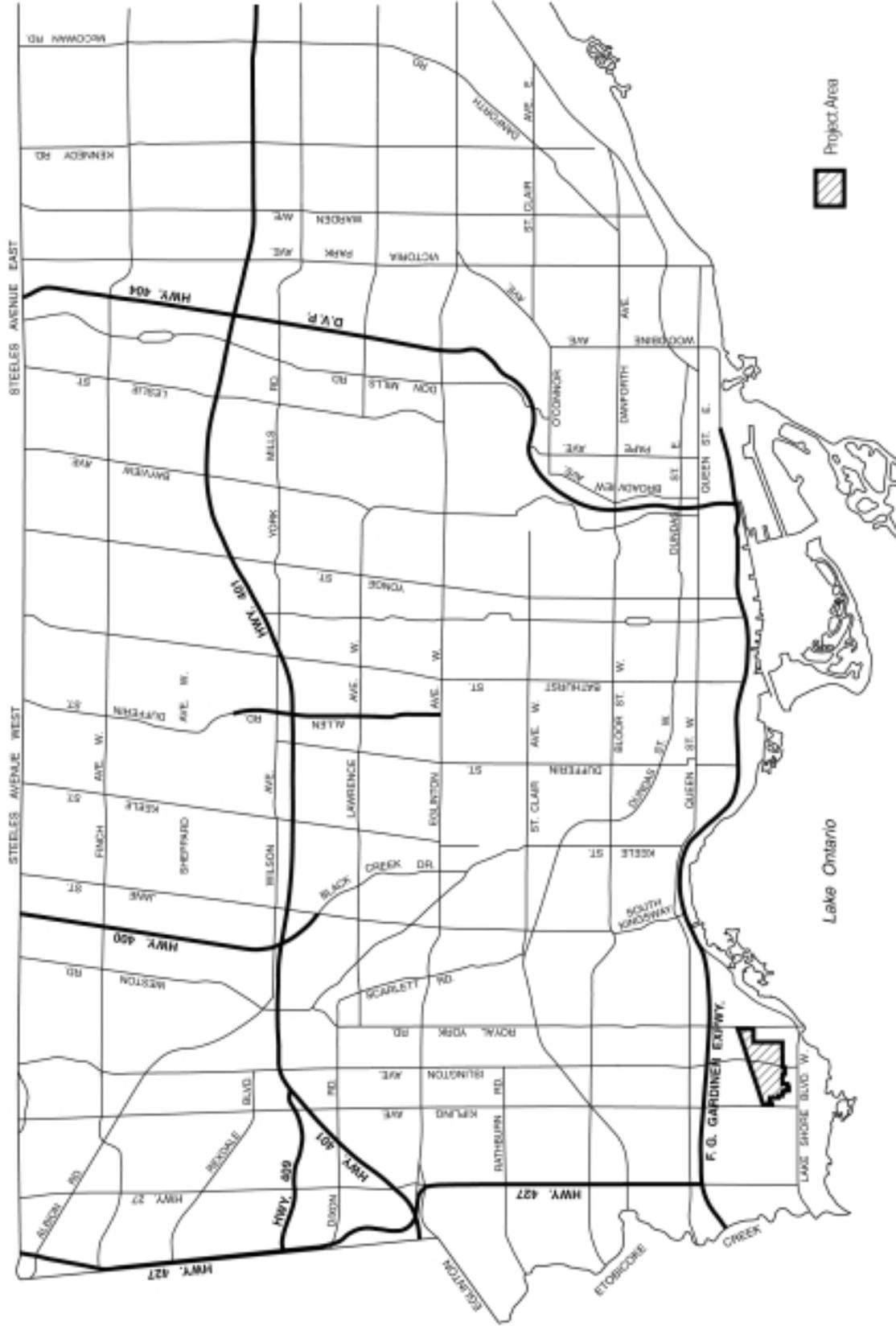
Joe Halstead, Commissioner  
Economic Development,  
Culture and Tourism

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Joseph P. Pennachetti  
Chief Financial Officer and Treasurer

List of Attachments:

Attachment No. 1      Context Map of New Toronto Area  
Attachment No. 2      New Toronto Community Improvement Project Area  
Attachment No. 3      New Toronto Community Improvement Plan



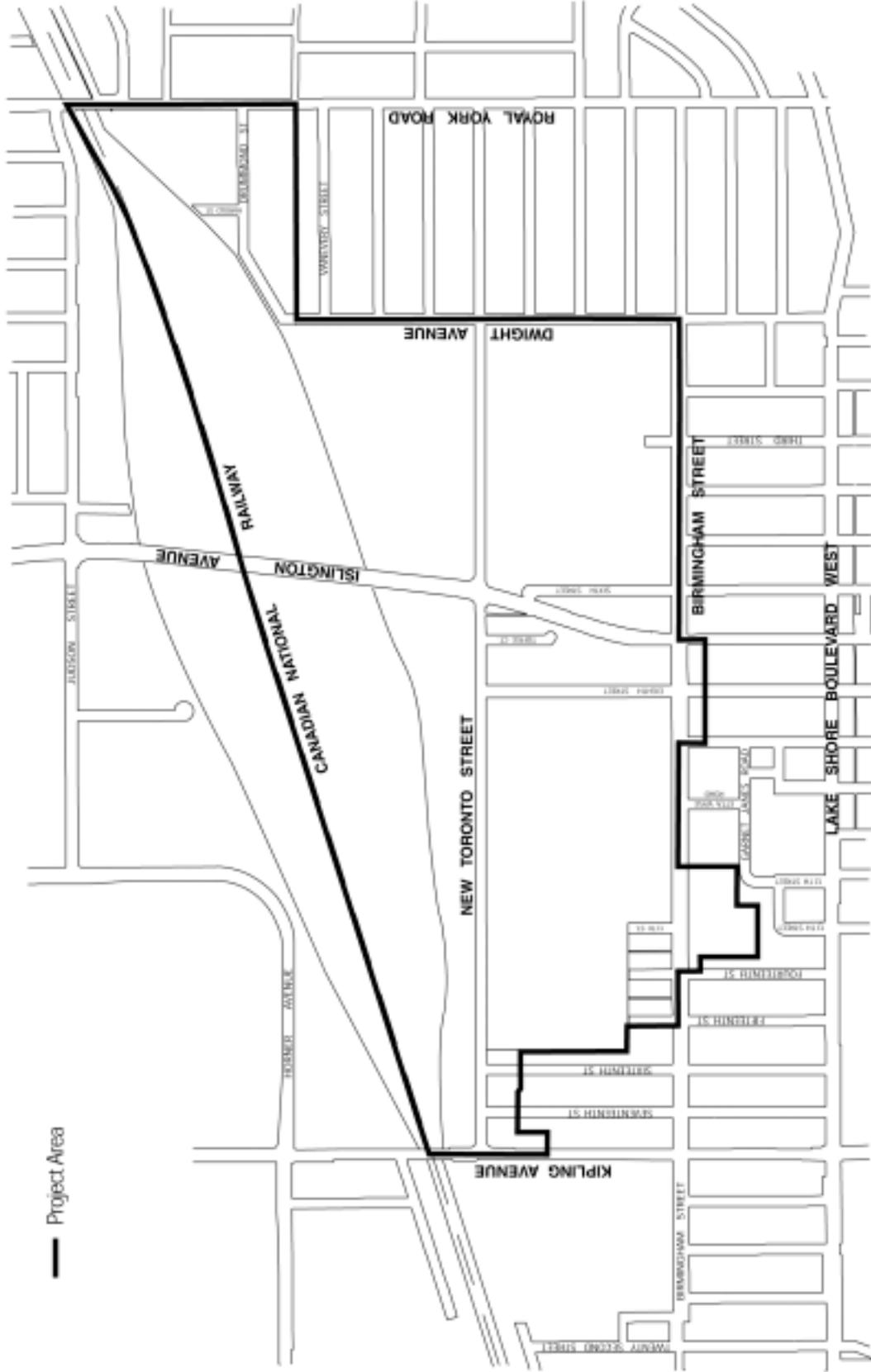
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Attachment 1

## Context Map

New Toronto Community Improvement Project Area



— Project Area

Not to Scale



## New Toronto Community Improvement Project Area

Attachment 2

**Attachment 3**

**Draft By-law for the Community Improvement Plan  
for the New Toronto industrial lands generally bound to the north by the CN Mimico rail  
yard, to the south by Birmingham Street, to the west by Kipling Avenue, and to the east by  
Dwight Avenue.**

Authority:

Enacted by Council:

**CITY OF TORONTO**

Bill No.

**BY-LAW No. \_\_\_\_\_ - 2003**

*To adopt a Community Improvement Plan for the Community Improvement Project Area for the New Toronto industrial lands generally bound to the north by the CN Mimico rail yard, to the south by Birmingham Street, to the west by Kipling Avenue, and to the east by Dwight Avenue.*

WHEREAS subsection 28(2) of the *Planning Act* provides that the council of a municipality which has an Official Plan containing provisions relating to community improvement may by by-law designate the whole or any part of an area covered by such an Official Plan as a Community Improvement Project Area;

AND WHEREAS Chapter 10 (Section 10.1.1) and Map 9 of the former City of Etobicoke Official Plan designates the entire lands to the south of the Queen Elizabeth Expressway – Gardiner Expressway corridor as a General Community Improvement Area;

AND WHEREAS the New Toronto Community Improvement Project Area falls within these designated lands and is more specifically shown as the lands outlined by heavy lines on Map 1 attached to and forming part of this by-law;

AND WHEREAS the Council of the City of Toronto has authorised the designation of certain lands hereinafter described as a Community Improvement Project Area which is to be known as the New Toronto Community Project Area;

The Council of the City of Toronto HEREBY ENACTS as follows:

1. The area outlined on heavy lines shown on Map 1 attached to and forming part of this By-law is designated as a Community Improvement Project Area within the meaning of section 28 of the *Planning Act*.

2. The New Toronto Community Improvement Plan attached hereto as Schedule "A", is hereby adopted.
3. The City Clerk is hereby authorized and directed to make the necessary application to the Minister of Municipal Affairs and Housing for approval of the aforementioned Community Improvement Plan Amendment.

ENACTED AND PASSED this \_\_\_\_ day of \_\_\_\_, A.D. 2003.

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Mayor

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City Clerk

## Schedule “A”

### *The New Toronto Community Improvement Plan*

#### 1.0 Legislative support

Section 28 of the *Planning Act* allows municipalities with provisions in their official plans relating to community improvement to designate by by-law a “community improvement project area”. Once this is done, a municipality may prepare a “community improvement plan” for the community improvement area. Although section 106 of the *Municipal Act, 2001*, S.O. 2001, c.45 prohibits “bonusing” of manufacturing business or other industrial or commercial enterprise, an exception is made in Section 106(3) of the *Municipal Act, 2001* for municipalities exercising powers under Section 28(6) or (7) of the *Planning Act*.

According to Section 28(1) of the *Planning Act*, a “community improvement project area” is defined as an “area within a municipality, the community improvement of which in the opinion of the council is desirable because of age, dilapidation, overcrowding, faulty arrangement, unsuitability of buildings or for any other reason”.

Chapter 10 (Section 10.1.1) and Map 9 of the former City of Etobicoke Official Plan designates the entire area south of the QEW – Gardiner Expressway corridor a General Community Improvement Area. Chapter 10 of the Etobicoke Official Plan also provides for the adoption of Community Improvement Plans. Specifically, in pursuing the community improvement policies of the Etobicoke Official Plan, Council must have regard for the following goals:

1. To provide on-going maintenance, improvement and rehabilitation of the Residential, Commercial and Industrial Areas in a manner which is integrated into the overall planning and public works programmes of the City.
2. To encourage the retention and improvement of the existing building stock in a safe and attractive form.
3. To maximize the optimum use of the existing public infrastructure and provide improvements where necessary.
4. To provide additional services and utilities in existing developed areas including streetscape improvements.
5. To encourage the efficient use and revitalization of private lands.
6. To preserve and enhance the viability of existing commercial and employment areas.
7. To maximize the use of funding from various federal and provincial agencies.

The *Planning Act* also states that within the framework of the local official plan, once a municipality has approved community improvement policies and a designated community improvement project area, it may engage in the following activities within the community improvement project area:

1. Acquire, hold, clear, grade or otherwise prepare land for community improvement, (s. 28(3) a, b, c);

2. Construct, repair, rehabilitate or improve buildings on land acquired or held by it in conformity with the community improvement plan (S. 28(6)a);
3. Sell, lease, or otherwise dispose of any land and buildings acquired or held by it in conformity with the community improvement plan (s. 28(6)b); and,
4. Make grants or loans to the registered owners, assessed owners, and tenants to pay for the whole or any part of the cost of rehabilitating such lands and buildings in conformity with the community improvement plan (S.28(7)).

For the purposes of this Community Improvement Plan, Rehabilitation encompasses the exercise of those powers set out in section 28 of the *Planning Act* and the community improvement activities authorized through this community improvement plan, once approved by the Minister of Municipal Affairs and Housing. Rehabilitation of lands and buildings in the project area is intended to achieve the goals and objectives set out in section 2.0 of this community improvement plan.

## **2.0 Goals and Objectives**

The goals of this CIP are consistent with and build upon the community improvement goals of the City of Toronto Official Plan and the Etobicoke Official Plan. The objectives of the City with respect to this CIP include the following:

- (a) stabilize this valuable employment centre and remove land use uncertainty;
- (b) encourage rehabilitation of the existing employment uses;
- (c) attract new employment investment to any lands and/or buildings that are vacant, underutilized, idled, or in need of repair or renovation, resulting in increased assessment and tax revenue;
- (d) retain and increase employment opportunities;
- (e) reduce urban sprawl and its related costs;
- (f) improve the physical and visual quality of this employment centre;
- (g) improve environmental health and safety; and,
- (h) stimulate private investment activity and private property maintenance.

## **3.0 Context of Community Improvement Plan**

The intent of the CIP is to encourage employment investment in the New Toronto area (see Appendix 2). To this end the New Toronto Community Improvement Plan implements the following actions and/or programs:

1. investment in public infrastructure on public and private lands;
2. a Revitalization Incentive Program

## **4.0 Plan Parameters and Components**

### **4.1 Investment of Public Infrastructure on Private Lands**

Improving the physical environment is one component of a successful revitalization strategy for the purposes of achieving the stated goals and objectives previously outlined in this CIP.

Through enhancing visual attraction and public safety in the project area, these initiatives are intended to attract private investment. Public infrastructure on private lands may include landscaping and signage through public/private partnerships including those which are outlined in the Capital Works Program for the South Etobicoke Employment Lands dated June 2002. Additional public infrastructure improvements on private lands may be identified. The purpose of such public investment is to improve the visual experience within the boundaries between private and public realms to ensure that an environment that stimulates increased business and reinvestment is maintained.

## **4.2 Revitalization Incentive Program**

The Revitalization Incentive Program has two components:

- i) Rehabilitation Grant;
- ii) Commercial/ Industrial Façade Improvement Grant.

### **4.2.1 Rehabilitation Grant**

Rehabilitation Grants are intended to encourage and support rehabilitation projects that increase assessment and property tax revenues, while stabilizing the employment area and thus facilitating both the attraction of new employment uses, and the expansion of existing operations. In cases where environmental remediation is required, an additional Remediation component may apply.

Rehabilitation Grants provide a series of annual grants to eligible owners who undertake rehabilitation within the New Toronto Community Improvement Project area where such rehabilitation efforts result in an increase in a property's assessed value. Funding for grants to property owners is derived from a portion of the increase in municipal property tax revenue arising from the rehabilitation (the municipal tax increment).

An additional Remediation component may also be available to eligible properties where environmental remediation is undertaken in conjunction with rehabilitation to address contamination. To qualify, property owners must have completed a Phase II Environmental Site Assessment that identifies contaminants exceeding allowable Ministry of Environment limits.

### **4.2.2 Commercial/Industrial Façade Improvement Grant**

The Commercial/Industrial Façade Improvement Grant is the second component of the Revitalization Incentive Program, and is designed to improve the physical and visual environment as part of the broader reinvestment strategy. A Commercial Façade Improvement Grant is already in effect in some parts of the city and is expanded to include industrial facades within the New Toronto Community Improvement Plan Area.

## **4.3 Revitalization Incentive Program Details**

Appendix 1 to this Plan sets out the details of the Revitalization Incentive Program. This attachment forms part of the Community Improvement Plan for New Toronto.

Appendix 1            Revitalization Incentive Program

Appendix 2            New Toronto Community Improvement Project Area (map)

## **Appendix 1**

### **Revitalization Incentive Program**

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#### **1.0 Introduction**

The City's Employment Revitalization (ER) Area Program is designed to encourage private sector investment in employment areas characterized by vacancy, underutilization, employment decline, and reduced competitiveness. The program provides tools for economic growth and revitalization, consistent with a key goal of the City's Economic Development Strategy - to improve the livability and quality of life in the City through economic growth that creates high quality jobs, generates wealth and investment, and helps ensure the city's long term fiscal and environmental health.

This is a pilot Revitalization Incentive Program, aligned within the city's Employment Revitalization (ER) Area Program. It supplements current initiatives, and is designed to retain and attract employment investment to lands and/or buildings that are vacant, underutilized, idled, or in need of repair or renovation, by providing financial incentives to eligible property owners. Application of this initiative falls within the purview of the ER program and its core criteria, specifically:

- i) designated by Council as an ER Area (requires completion of a strategic plan prepared by a community stakeholder group that identifies a vision for area development);
- ii) a significant employment base that is threatened with uncertainty, job loss, vacancies, infrastructure deficiencies, or a declining appearance;
- iii) potential for adding employment and up-grading the employee base;
- iv) broad stakeholder involvement and a collective commitment to develop a revitalization strategy for the area;
- v) potential to develop and access local volunteer capacity and financial and/or in-kind resources to set up a self-sustaining business, industrial or employment network;
- vi) the surrounding neighbourhood will be upgraded and enhanced by various revitalization initiatives.

#### **2.0 Revitalization Incentive Program Objectives**

Consistent with the City's Economic Development Strategy, the new Official Plan, and other SMART Growth initiatives, the objectives for this pilot Revitalization Incentive Program are:

- i) to stabilize the employment area;
- ii) to attract new employment investment to any lands and/or buildings that are vacant, underutilized, idled, or in need of repair or renovation, resulting in increased assessment and tax revenues;
- iii) to retain and increase employment opportunities;
- iv) to reduce urban sprawl and its related costs;
- v) to improve the physical and visual quality of the employment area;
- vi) to improve environmental health and safety; and,
- vii) to stimulate private investment activity and private property maintenance.

### **3.0 Rationale**

Facilitating economic growth through government policy by providing a sufficient long-term supply of employment lands and industrial space for existing business to expand and for new business start-up is essential to maintain Toronto as a viable business location, both now and in the future. The city's financial position depends on a strong industrial/ commercial assessment base and quality jobs for our citizens. Underutilized, vacant, or abandoned sites not only affect opportunities for economic growth and prosperity, but also the healthy stewardship of our natural environment. The rationale for implementing the pilot Revitalization Incentive Program in the New Toronto Community Improvement Project Area includes the following:

- i) the City of Toronto designated South Etobicoke (including the New Toronto Community Improvement Area) an Employment Revitalization (ER) Area in 1999;
- ii) an opportunity for the productive reuse of approximately 28 ha (70 ac) of industrial lands that have remained vacant and idle for more than a decade;
- iii) the uncertainty associated with the future redevelopment of the vacant industrial lands jeopardizes the continuing viability and expansion of existing industrial uses, current employment, and Gross Domestic Product within this employment area;
- iv) the abandoned and deteriorating image detracts from new investment;
- v) the reuse of existing employment sites in this mature and serviced area maximizes the use of existing infrastructure;
- vi) the potential for soil clean-up and remediation on properties characterized by environmental contamination reduces the risk to human health and the environment, without the city having to assume ownership, responsibility or direct costs for cleanup;
- vii) to support the collective efforts of community stakeholder groups toward regeneration initiatives in South Etobicoke, particularly the Lakeshore Community Partnership and the South Etobicoke Industrial Employers Association.

### **4.0 Program Description**

The Revitalization Incentive Program features two primary components:

- i) Rehabilitation Grant;
- ii) Commercial/Industrial Façade Improvement Grant.

Both grants are intended to offer financial assistance to property owners for purposes that are consistent with the objectives of the Community Improvement Plan. Rehabilitation Grants are described in Section 4.1. A description of the Commercial/Industrial Façade Improvement Grant follows in Section 4.2.

#### **4.1 Rehabilitation Grant**

Rehabilitation Grants are the first component of the Revitalization Incentive Program and are designed to offer financial assistance, through a series of annual grants, to owners who undertake rehabilitation within the New Toronto community improvement project area where such rehabilitation efforts result in an increase in a property's assessed value. Funding for grants to property owners is derived from a portion of the increase in municipal property tax revenue arising from the rehabilitation (the municipal tax increment).

Annual Rehabilitation Grants may be paid to qualifying properties over a 10-year period following rehabilitation to partially offset the costs of rehabilitation efforts. An additional Remediation component may also be payable for an additional 2 years to defray upfront remediation costs where environmental remediation is undertaken in connection with the rehabilitation.

Grant amounts are based on the total increase in municipal property taxes payable following rehabilitation over the pre-rehabilitation level of taxes. This is known as the municipal tax increment. Grant amounts payable in each year of the program can therefore only be determined once the rehabilitation has been completed, and once the property has been reassessed to reflect the improvement. As such, the total potential grant available is established on a site-specific basis, and is a function of the total increase in assessed value arising from a particular rehabilitation project. Minimum investment limits as set out below would apply to determine eligibility to receive grants. Rehabilitation Grants may not exceed the total cost of the rehabilitation as evidenced by the primary building permit associated with the rehabilitation.

In all cases, property owners are required to carry out rehabilitation/remediation efforts using their own funds, and must pay the increased property taxes as the assessed value increases. Grants are paid once annually, in the last quarter of the year, provided the taxes on the property are in good standing. Grants will not be applied as tax credits against property tax accounts.

#### **4.1.1 Determining the Municipal Tax Increment**

The municipal tax increment is defined as the difference between the pre-rehabilitation level of annual municipal property taxes (base level taxes), and the annual municipal property taxes payable in each year of the program following rehabilitation. The tax increment is calculated only on the increase in the *municipal* portion of property taxes, and does not include any share of the education portion of property taxes.

Annual municipal property taxes following rehabilitation are calculated in each year of the grant program as the annual municipal property taxes payable in that year, exclusive of any rebate amounts, as determined by the Finance Department for the City of Toronto, based on the current value assessment (CVA) for the property as most recently updated by the Municipal Property Assessment Corporation (MPAC) for the taxation year in question. The CVA on which taxes are calculated must be deemed by MPAC to reflect the full assessed value of the property, and fully taxable status.

The pre-rehabilitation level of municipal taxes (base level taxes) are calculated as the municipal taxes that would be payable on the property had it been left in its previous “undeveloped” state. The base level taxes, on which grant amounts in all successive years of the program are based, are fixed at the time the grant agreement is signed, and remain unchanged for the duration of the program.

#### **4.1.2 Grant Calculation – Rehabilitation Grants**

##### **(a) Calculations:**

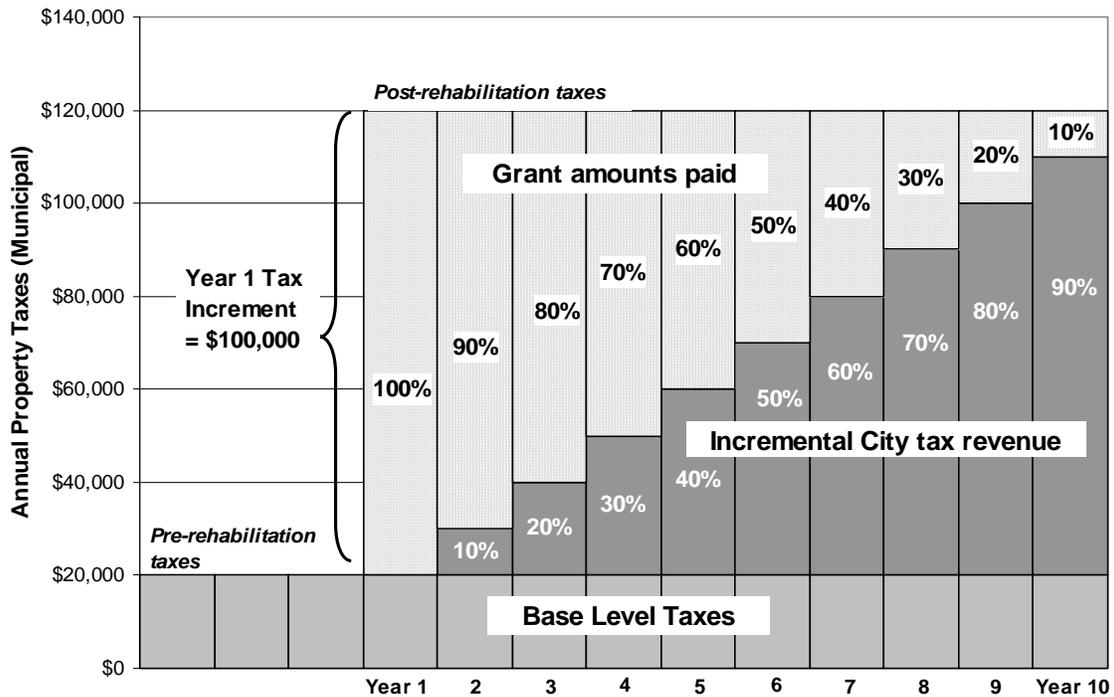
Annual Rehabilitation Grant amounts are calculated each year as the following declining percentage of the equivalent of the municipal tax increment, (i.e., an amount equivalent to the difference

between the actual municipal taxes payable in that year and the base level taxes specified in the grant agreement),

- Year 1 - 100% of the municipal tax increment;
- Year 2 – 90% of the municipal tax increment;
- Year 3 – 80% of the municipal tax increment;
- Year 4 – 70% of the municipal tax increment;
- Year 5 – 60% of the municipal tax increment;
- Year 6 – 50% of the municipal tax increment;
- Year 7 - 40% of the municipal tax increment;
- Year 8 - 30% of the municipal tax increment;
- Year 9 – 20% of the municipal tax increment; and
- Year 10 – 10% of the municipal tax increment.

In this way, the incremental municipal tax revenue is split between the property owner and the City in each year on the above-noted percentage basis, regardless of subsequent changes to taxation. Rehabilitation Grants are not paid beyond Year 10. Figure 4.1.2 illustrates how Rehabilitation Grants are calculated.

**Figure 4.1.2 – Rehabilitation Grants**



Rehabilitation Grants are payable for a 10-year period following rehabilitation and reassessment. In this example, the pre-rehabilitation municipal taxes are \$20,000 per year (the base-level taxes). Following rehabilitation, annual municipal taxes are \$120,000 per year. The tax increment in Year 1 is \$100,000. Grant amounts are calculated to provide the equivalent of 100% of the tax increment as a grant in the first year, 90% in the second year, etc. until the tenth year, when the grant amount is 10 per cent of the tax increment. Over the 10 years of the program, 55% of the total incremental taxes are returned to the property owner as grants, while the City receives 45% of the total incremental taxes as new tax revenue.

**(b) Limits:**

In any year, Rehabilitation Grants may not exceed an amount that, if applied towards the total municipal taxes payable in that year, would reduce the municipal taxes payable to an amount less than the base-level taxes specified in the grant agreement.

The total of Rehabilitation Grants provided over the 10-year term of the grant may not exceed a maximum of 55 percent of the total cumulative incremental municipal property taxes associated with the rehabilitation, and may not exceed the total cost of the rehabilitation as evidenced by the primary building permit associated with the rehabilitation.

**(c) Adjustments:**

Grant amounts payable in any year will be reduced by an amount equivalent to any rebate of municipal taxes that are paid to the property owner, including rebates to reflect vacancy, charitable status, etc. Grant amounts will also be adjusted, retroactively if necessary, to reflect any subsequent changes in the total municipal taxes payable in any year for any reason, e.g., assessment appeal reductions. Where tax changes occur after grant amounts have already been paid, future year grant entitlements may be reduced accordingly. Any overpayment of grant amounts arising from subsequent assessment or tax reductions will be deemed to be a debt owing to the municipality.

**(d) Staged Development:**

In the case of a staged development, where one portion of a property is rehabilitated in advance of others, each portion of the property will be treated as a separate property. Initial Rehabilitation Grants will be based on the municipal tax increment arising from the increased assessment on the rehabilitated portion. If other portions of the property are subsequently rehabilitated, resulting in a further assessment increase, the property owner may apply for additional Rehabilitation Grants based on the further municipal tax increment, subject to the continued availability of this incentive program and the eligibility requirements and grant entitlements in place at that time.

### **4.1.3 Grant Calculation – Remediation Component**

**(a) Nature of Remediation Component:**

Properties may also qualify for up to an additional two years of a remediation component grant where environmental remediation is undertaken in conjunction with rehabilitation in order to address environmental contamination. The Remediation Component is not available as a stand-alone grant. The Remediation component is only payable where a Phase II Environmental Site Assessment has been conducted, and has identified contaminants exceeding acceptable Ministry of Environment standards that would prevent a record of site condition being registered with the Ministry.

**(b) Calculation:**

Where remediation is necessary, annual Remediation component grants, calculated as 100% of the municipal tax increment, will be available for up to two years preceding Rehabilitation Grants. Properties that qualify for the Remediation component may therefore receive grants for up to 12 years following rehabilitation – 2 years of the Remediation component, paid at 100% of the tax increment

in each of the two years, and a further 10 years of Rehabilitation Grants, payable on a declining percentage of the annual tax increment, as outlined in Section 4.1.2.

**(c) Adjustments:**

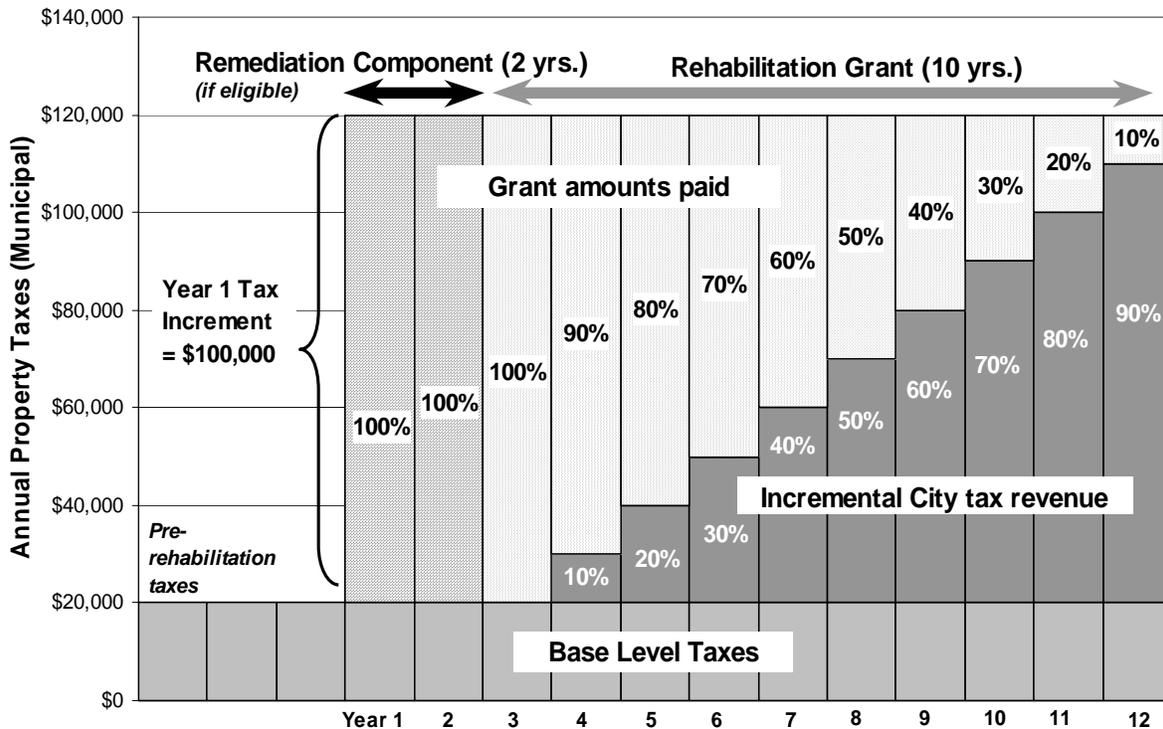
The Remediation component will also be reduced in any year by an amount equivalent to any rebate of municipal taxes that are paid to the property owner, including rebates to reflect vacancy, charitable status, etc.

**(d) Limits:**

The total Remediation component paid may not exceed the property owner’s total actual remediation costs. Where the total eligible remediation costs are less than the equivalent of 2 years of 100% of the municipal tax increment, the Remediation component of the grant will be adjusted such that grant amounts do not exceed actual eligible remediation costs.

The combined total of the Remediation component and Rehabilitation Grants provided over the 12-year term of the program may not exceed a maximum of 62.5 percent of the total cumulative incremental municipal property taxes associated with the remediation and rehabilitation. Figure 4.1.3 illustrates how the Remediation component is applied.

**Figure 4.1.3 – Rehabilitation Grants with Remediation Component**



A Remediation component may be available where remediation is undertaken in conjunction with rehabilitation. The Remediation component is calculated as the equivalent of 100% of the tax increment in each of the first two years following rehabilitation and reassessment. These two years are followed by 10 years of Rehabilitation Grants (as described in Section 4.1.2), such that grants are provided over a maximum 12-year period in total. Over the 12 years of the Rehabilitation grant program with the Remediation component, 62.5% of the total incremental taxes are returned to the property owner as grants, while the City receives 37.5% of the total incremental taxes as new tax revenue.

#### **4.1.4 Duration**

Both Rehabilitation grants and the Remediation component become payable only after the property is first reassessed to reflect the rehabilitation.

If a property is eligible for both Rehabilitation grants and the Remediation component, the grants will be paid over a maximum twelve-year period beginning in the year in which the property is first reassessed to reflect the rehabilitation. If a property is not eligible for the Remediation component, the grants will be paid over a ten-year period beginning in the year in which the property is first reassessed to reflect the rehabilitation.

Rehabilitation Grants become effective as of the date of approval of the Community Improvement Plan by the Minister of Municipal Affairs and Housing. The City reserves the right to cancel the grant at any time. Grant applications will be accepted up to two years following the effective date. The program will be reviewed after the initial two-year period to determine its effectiveness in achieving the objectives set out in this Community Improvement Plan, and may be discontinued or amended as to the eligibility criteria or grant entitlements as a result of that review. Discontinuation of the program or a change in grant entitlement levels after the first two years will not affect previously approved grants.

Grants approved under the initial two years of the program, for which grant agreements have been entered into, continue for the term specified in the agreement, provided that all conditions continue to be met by both parties.

All grants will cease if the building is demolished during the grant period. Grant amounts that would have been payable in the year of the demolition will be adjusted on a pro-rated basis to reflect the date of the demolition.

#### **4.1.5 Program Requirements**

Eligible property owners must apply to the City through the Economic Development Small Business & Local Partnership Office, using an approved Rehabilitation Grant application form. As a condition of eligibility, property owners will be required to enter into a Grant Agreement with the City that sets out the terms under which grants are provided. All agreements must be in a form satisfactory to the Commissioner of Economic Development, Culture and Tourism, and the City Solicitor.

#### **4.1.6 Eligibility**

Applicants must meet the following criteria in order to be eligible:

- i) Must be an owner of property located within the New Toronto Community Improvement Project Area.
- ii) Eligible properties are employment properties that are:
  - (a) currently vacant; or

- (b) have existing structures and/or uses at the time of application and that meet the following criteria:

Land use eligibility will be based on specific zoning categories presently in place under the former City of Etobicoke Zoning Code.

All uses contained in the Business (304-31.B) and Manufacturing (304-31.C) subheadings under the general permitted uses with respect to the I.C1 and I.C2 zoning categories for New Toronto are eligible. Also eligible will be the lands covered by the site-specific By-laws of 1996-211 and 1996-212. Hotels; undertaking establishments; banks; and servicing/repair operations will be excluded.

Certain uses set out in Section 304-31 of the former City of Etobicoke Zoning Code will also be eligible including Section E – Educational/Research and Section G (1) Warehouse Buildings, as well as business, professional or administrative offices permitted under Section 304-33, subsection A of the Class 1 Industrial Zone provisions.

Any program applications for lands currently not falling under these zoning categories must first apply for rezoning to I.C1 or I.C2.

In addition to the foregoing, the above noted uses could be augmented by additional uses set out in the Employment Area use criteria of the Official Plan including offices, warehousing, distribution, media, and research and development, all of which will be subject to approved zoning criteria.

- iii) Eligible properties must undergo rehabilitation. Rehabilitation includes any efforts that result in the productive use or reuse of lands and/or buildings within the Community Improvement Project Area, including but not limited to the remediation of environmental concerns, new building construction or improvements made for the purposes of establishing or maintaining a business enterprise, or expansion of existing buildings to realize more effective utilization of the land's potential.
- iv) Must submit an application for grants to the Economic Development Small Business & Local Partnership Office in an approved form, together with a development plan, in a form acceptable to the Commissioner of Economic Development, Culture and Tourism.
- v) Applications for grants must be made prior to the commencement of any works related to the rehabilitation and prior to application for a building permit.
- vi) All proposed rehabilitation must conform to all City by-laws, policies, processes, etc., and all improvements must be made pursuant to an approved building permit, and conform to the *Ontario Building Code* and applicable zoning requirements and development approvals.
- vii) The rehabilitation must result in a minimum investment of \$500,000 in building construction costs, as evidenced by the primary building permit issued in connection with the proposed development.

- viii) The property must not be in receipt of any other city grant(s) (e.g., Commercial/Industrial Façade Improvement Grant).
- ix) The property must not be in arrears of property taxes on the day the agreement is signed.

To qualify for the Remediation component, the following criteria must be met in addition to those outlined under items (i) through (ix) above.

- x) A Phase Two Environmental Site Assessment must be submitted to the City confirming that the property did not meet the standards defined herein. Remediation component grants shall only be provided to properties for which a Phase Two Environmental Site Assessment has been conducted and that, as of the date the phase two environmental site assessment was completed, did not meet the standards that would permit a record of site condition to be filed with the Ministry of Environment.
- xi) Applicants for Remediation component grants must submit a statement of remediation costs to be incurred in connection with the remediation in a form satisfactory to the Commissioner of Economic Development, Culture and Tourism, this statement must summarize all remediation costs.
- xii) Only the following remediation costs will be eligible remediation costs for the purposes of the Remediation component grants:
  - Environmental studies (Phase II Environmental Site Assessment and/or Phase III Environmental Site Assessment/Remedial Workplan)
  - Environmental remediation
  - Demolition or removal of debris in conjunction with remediation.

Remediation component grants cannot exceed the total of all eligible remediation costs.

- xiii) Remediation costs claimed under section (xii) above may be subject to an independent audit at the City's request, to be conducted at the sole expense of the property owner.
- xiv) All the eligibility criteria for the Rehabilitation Grant must be met.

#### **4.2 Commercial/Industrial Façade Improvement Grant**

The Commercial/Industrial Façade Improvement Grant is a second component of the Revitalization Incentive Program, designed to improve the physical and visual environment as part of the broader reinvestment strategy for the community improvement project area.

By way of this CIP the terms, conditions, criteria and letter of understanding approved by Council at its meeting of October 8, 2000, for the Commercial Façade Improvement Grant, shall be expanded to include industrial facades within the New Toronto Community Improvement Project Area.

## **5.0 Revitalization Incentive Program Management and Administration**

The City of Toronto Economic Development Office will manage and administer the Revitalization Incentive Program with participation from TEDCO, Finance, and Urban Development Services. A “one window” approach will be utilized through a single application submitted to the Toronto Economic Development, Small Business & Local Partnerships Office. The application process will have two streams to reflect the two grants contained in the program, specifically, the Rehabilitation Grant and the Commercial/Industrial Façade Improvement Grant.

### **5.1 Rehabilitation Grant**

#### **5.1.1 Program Initiation & Review**

Applications for the Rehabilitation Grants shall include the following:

- Street address;
- Plan number and lot number;
- Name of assessed owner;
- Assessment roll number;
- Detailed development plan including;
  - Description of the proposed rehabilitation and remediation;
  - Estimated costs of the rehabilitation and remediation;
  - Timing

An inter-departmental staff team, comprised of representatives from Economic Development, Planning, Finance, and TEDCO, will be struck to undertake the pre-screening of applications for the Rehabilitation Grant. This team will determine whether the application successfully meets the eligibility criteria. If the team concurs that the application should proceed, a Grant Agreement will be prepared. Alternatively, the applicant will be advised that a grant shall not be issued.

#### **5.1.2 Grant Agreement**

If an application satisfies the eligibility criteria, the inter-departmental team identified in Section 5.1.1 above will meet with the applicant to review a development plan for the proposed undertaking.

A Grant Agreement will be prepared based on the program criteria and the proposed initiative. The Grant Agreement will identify, among other things, the desired outcome(s), estimated cost(s) and timeline(s) of the rehabilitation, and the terms and conditions upon which the grant is to be made. The Grant Agreement will be in a form satisfactory to the City Solicitor.

A Recommendation Report and Grant Agreement will be submitted for approval to the Commissioner of Economic Development Culture & Tourism or his/her designate.

Payment of the grant will be provided by cheque to the registered or assessed owner of the lands who made the application for the grant, or to any person to whom the owner has assigned the right to receive the grant. Payment will be made on or before December 31 of each year for which the property is eligible for a grant, subject to the following:

- confirmation that there are no outstanding taxes, water rates, or other sums owed to the City with respect to the property;
- confirmation that there are no outstanding work orders and/or orders or requests to comply from any municipal or provincial entity;
- submission of all environmental reports and documentation outlining the full scope and costs of eligible work completed for the remediation component grant;
- submission of paid invoices for completed eligible work related to the remediation component grant.

Payment of the grant will be provided by cheque to the registered or assessed owner of the lands who made the application for the grant, or to any person to whom the owner has assigned the right to receive the grant.

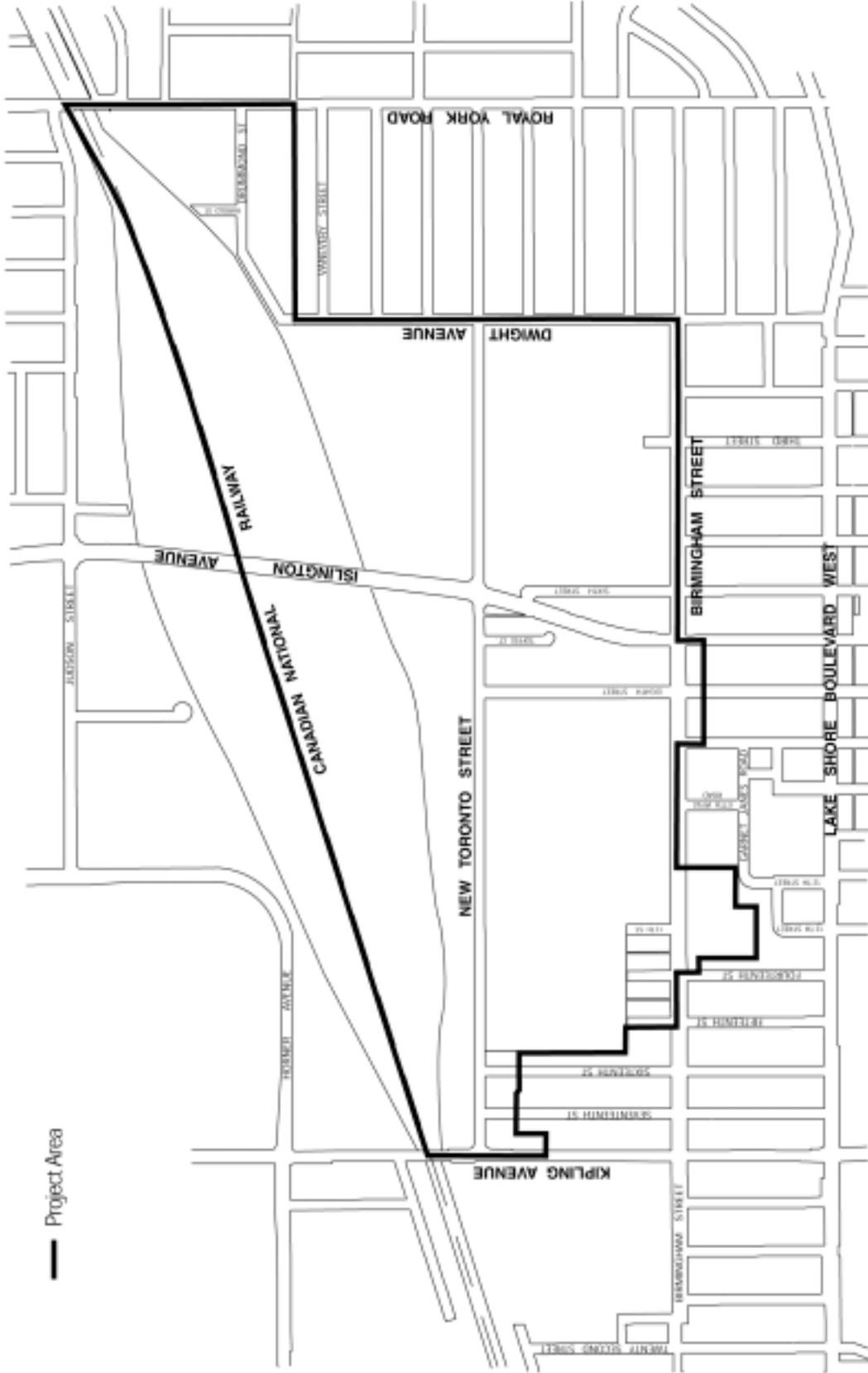
## **5.2 Commercial/Industrial Façade Improvement Grant**

### **5.2.1 Program Initiation & Review**

The Commercial/Industrial Façade Improvement Grant will be administered in accordance with the terms, conditions, criteria and letter of understanding approved by Council at its meeting of October 8, 2000, for the Commercial Façade Improvement Grant, subject to technical amendments by the City Solicitor to render them applicable to industrial facades.

Funds for the Commercial/Industrial Façade Improvement Grant are subject to Council's annual budget review and approval. Program funds for the New Toronto Community Improvement Project Area will be submitted as part of the City's 2004 Budget.

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Not to Scale



Appendix 2