



**Date:** August 12, 2024

**To:** Mayor and Council

**Author:** Sue Rice, Economic Development and Tourism Officer  
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**RE:** Industrial Community Improvement Plan (CIP)

**Report No.:** FS-2024-09

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## **RECOMMENDED ACTION**

That Administration be **DIRECTED** to prepare a Community Improvement Plan (CIP) providing a 'Property Tax Incentive Grant' for industrial developments.

## **BACKGROUND**

Community Improvement Plans (CIPs) are a planning and economic development tool to assist municipalities in achieving their strategic objectives.

As outlined in the Town's Strategic Plan, Priority # 2 states;

*"Growing our local economy is a priority because it benefits all Kingsville residents and businesses by creating jobs and financial health. Creating an environment that supports business success by creating the conditions for businesses to innovate, invest and thrive."*

A significant and growing number of Ontario Municipalities have adopted CIPs focused on industrial developments to incentivize investment, diversify their economies and create employment opportunities within their communities.

Please refer to Appendix A for a summary of Industrial focused CIPs within our region.

## **DISCUSSION**

The most common approaches to Industrial CIPs include grants for;

- A) Waiver of Development Charges
- B) Waiver of planning application and building permit fees
- C) Rebates for incremental property taxes

The first two options basically require existing taxpayers to subsidize new developments, as the forgone DCs or building permit fees have to be funded through general taxation. From a budgetary perspective, option C is perhaps the most attractive, as it involves the rebate of taxes which would not otherwise have been collected.

A rebate for incremental property taxes, also referred to as a 'Property Tax Incentive Grant' could be structured as follows;

The Town would provide a grant of up to 100% of the municipal property tax increase created by a development for up to 10 years after the completion of an eligible project. To be eligible for this CIP grant the new industrial development (or the expansion of an existing industrial building) must create a minimum of **30\*** new permanent full-time jobs earning at least **125%\*** of the provincial minimum wage and must make a minimum investment of **\$10,000,000\*** (Construction Value).

The amount of the Property Tax Incentive Grant would be scaled, based on the level of investment and number of jobs created. For example, the grant amount could be based on the lesser of A and B;

A. Construction Value		B. Eligible Full-time Jobs	
Construction Value (in Millions)	Max. Property Tax Incentive Grant	Eligible Full- time Jobs	Max. Property Tax Incentive Grant
\$30+	100%	90+	100%
\$20 - \$30	75%	60 – 90	75%
\$10 - \$20	50%	30 – 60	50%

\*These values are provided for illustrative purposes only and would be refined based on further research in final CIP.

The Property Tax Incentive Grant would only apply to the difference between the taxes payable on the land prior to development and the taxes payable post development.

It should also be noted that a Kingsville CIP would only apply to the local municipal portion of the property taxes payable and would not include the County tax levy.

In 2023, Essex County Council approved an Official Plan amendment to enable the County to provide matching tax grant incentives for large scale industrial developments where lower-tier municipalities that have CIPs in place for this purpose. The County CIP guideline is currently being drafted and Kingsville Administration will work with County staff to ensure these programs are aligned, wherever possible.

## **FINANCIAL CONSIDERATIONS**

The adoption of a Property Tax Incentive Grant would improve Kingsville's ability to attract industrial investments. Although it may require the Town to forgo all, or some of the property taxes associated with these developments in the short term, in the long-term it will add to the assessment base the community.

Industrial properties currently pay taxes at 1.9x – 2.7x the residential tax rate, depending on the size of the operation.

Property taxes aside, industrial developments create employment opportunities, which are beneficial to residents and existing commercial establishments.

## **ENVIRONMENTAL CONSIDERATIONS**

Industrial CIPs can be structured to encourage the redevelopment of 'brown field' sites which may otherwise be cost prohibitive.

## **CONSULTATIONS**

Several Ontario Municipal CIPs were reviewed in preparation of this report.

PREPARED BY:

*Sue Rice*

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Sue Rice  
Economic Development and Tourism Officer



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Ryan McLeod, CPA, CA  
Director of Finance and Corporate Services / Treasurer

REVIEWED BY:

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A handwritten signature in black ink, appearing to read 'John Norton', with a stylized flourish extending from the end.

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John Norton  
CAO