

Staff Memorandum



To	Mayor A. Nuttall and Members of Affordability Committee
Subject	Public Meeting For A Proposed Employment Development Lands Community Improvement Plan (CIP)
Date	May 28, 2025
Ward	All
From	S. Schlichter, Director, Economic and Creative Development
Executive Member Approval	B. Araniyasundaran, General Manager, Infrastructure and Growth Management
CAO Approval	M. Prowse, Chief Administrative Officer

The purpose of this Memorandum is to advise members of the Affordability Committee of a Public Meeting for a proposed Employment Community Improvement Plan (CIP). It also provides an overview of the legislative framework CIPs must adhere to, poses implementation considerations, and briefly summarizes the proposed CIP programs.

On November 20, 2024, Council Adopted motion 24-G-239 that included the following direction:

‘That staff in the Economic and Creative Development Department, with the support of Legal Services, Development Services, and Finance staff, be directed to proceed with the public consultation process for the development of an Employment Lands Development CIP based on the proposed framework presented in confidential staff report ECD005-24 and described in Confidential Appendix “C”, including the scheduling of the required statutory public meeting in accordance with the Planning Act, as soon as possible, and report back to General Committee in early 2025 with recommendations, including funding and resource requirements.’

Background

The City of Barrie previously incentivized employment-related development through Development Charge (DC) abatements. The City’s 2023 update of the DC By-law removed previous DC abatements and included a recommendation that any future business development incentives be administered through a CIP so that proper programs, evaluation criteria, business case review processes, and budgets can be established.

In November 2024, Barrie City Council approved the Employment Lands Strategy update, which included direction for staff to proceed with the public consultation process for the development of an Employment Lands Development CIP.

CIPs can provide an appropriate approach to targeting investment opportunities and directing where and how the City wants to attract business. This targeted approach can serve to enhance the current business environment and provide the scope and means to attract both large- and small-scale businesses most suitable for Barrie's economic landscape.

The development of an Employment Lands Development CIP that focusses on attracting targeted end users to employment sites in the city in alignment with Provincial economic development objectives will provide a means through which the City can implement actions to best position itself for future growth of the local employment base.

Invest Ontario is a provincial agency dedicated to securing private sector strategic business and capital investments that support economic development, resiliency, and job creation in Ontario. The agency has access to a fund intended to support investment and it focuses on three strategic sectors where the province has a global competitive advantage: advanced manufacturing, life sciences, and technology. The criteria set out in this CIP are aligned with Invest Ontario's funding criteria to ensure project alignment and a coordinated approach.

The Employment Lands Development CIP aims to establish a new regime of economic development incentives for the City of Barrie. It is being prepared to be synchronous and works in conjunction with the City's Employment Land Strategy and will help Barrie compete against other cities and towns across Ontario for these developments.

Legislative Framework – What a CIP Can and Cannot Offer

Section 28 of the Planning Act provides municipalities with the legislative authority to prepare a CIP. It also broadly defines "community improvement" to include the development, redevelopment or construction of residential uses and buildings, including affordable housing, within the community improvement project area, as may be appropriate or necessary. It also loosely defines the types of incentives that can be offered through a CIP, including the acquisition, preparation, and disposition of land by the municipality as well as the offering of grants and loans. Grants and loans can be offered to cover (but not exceed) eligible costs, which can include anything from site preparation, development, construction, redevelopment, and other related items.

A CIP is a tool used to allow municipalities to deliver incentives for development/redevelopment without contravening Section 106 of the Municipal Act, which otherwise prohibits municipalities from directly or indirectly assisting manufacturing businesses or other commercial or industrial enterprises through the granting of bonuses, which includes giving or lending property/money; guaranteeing borrowing; leasing or selling municipal property below fair market value; or giving a total or partial exemption from any levy, charge, or fee.

Notwithstanding, there are a few notable things a CIP cannot do:

- a) A CIP does not give municipalities the authority to exempt or waive development charges. Offering grants equivalent to development charges is, however, acceptable.
- b) A CIP also does not give municipalities the authority to cancel or reduce municipal or school taxes (the only exception to this is for eligible heritage and brownfield properties), but it can offer grant money equivalent to municipal property taxes, such

as through tax increment equivalent grants.

- c) There are legislative requirements under Section 7 of the Building Code Act which require Building Services to be revenue neutral, and as such, the waiving of any building permit fees through a CIP is possible but would need to be funded through a CIP capital reserve fund (they could not simply be absorbed by the City as lost revenue).

Implementation Considerations

Barrie's Employment Lands Development CIP is intended to support creating an 'open for business' environment to help encourage job creation by incentivizing development as part of Council's Strategic Priority of An Affordable Place to Live.

The draft Employment Lands Development CIP, found in Appendix A, puts in place the policy framework necessary for the City to be able to provide grants and financial incentives to accelerate employment-related development within Barrie. The draft Employment Lands Development CIP was intentionally written to give the City flexibility with respect to how each program is funded and implemented, so that it can adapt to evolving community needs without requiring formal amendments per the Planning Act.

The draft Employment Lands Development CIP provides an overview of the proposed programs. Additional program details, application forms, and the score card that will be used to prioritize funding allocation (based on the CIP eligibility criteria) are being developed and will be available on the City's website in advance of application intakes, should Council approve the Employment Lands Development CIP. The scorecard criteria will ensure that the program meets its objectives of stimulating significant private sector investment in targeted sectors of focus and fueling job creation within designated employment lands. Criteria such as employment sector, employment numbers, square footage, and construction value will be used to form the scorecard. These criteria will provide more clarity to potential applicants regarding which projects will be prioritized for funding.

CIP Funding Allocation Considerations

While the draft Employment Lands Development CIP proposes several programs, it allows for the ability to place programs on hold and does not include program-specific budgets or funding allocation percentages within the CIP. The intent of this is to allow Council the flexibility to strategically implement programs based on changing needs and priorities.

CIP Application Intake Considerations

As currently drafted, the Employment Lands Development CIP proposes an ongoing/rolling application period to ensure every potential employment development can apply, subject to funding availability at the time of the application.

Proposed CIP Programs

The draft proposed Employment Lands Development CIP has been appended to this Memorandum and can be viewed on the City's [Employment Lands Development CIP website](#). The proposed Community Improvement Project Area for Employment Lands Development CIP includes all designated employment lands within the City of Barrie. Project sites shall not

be located on lands subject to flooding hazards and/or erosion hazards, including wetlands. Residential, mixed-use, commercial and business commercial projects would not be eligible.

The draft Employment Lands Development CIP proposes four (4) financial incentive programs which have been summarized below in Table 1. It should be noted that the programs were designed to work in conjunction with other provincial and federal funding opportunities or exemptions through existing programs or legislation, such as Invest Ontario's investment attraction initiatives.

Table 1: Draft Employment Lands Development CIP Programs

Financial Incentive Program	Description	Eligible Projects
Tax Increment Equivalency Grant (TIEG)	The TIEG program incentivizes the development of Employment Lands by providing a yearly grant for a period of up to five (5) years. The TIEG uses the future property tax gains generated by a development to help finance the actual development through the provision of grants. The value of the grant provided is equal to the incremental increase in municipal property tax resulting from the increase in property assessment as a result of the improvements. The grant starts with 100% in year one and declines 20% per year for an additional four (4) years.	<ul style="list-style-type: none"> ✓ Must be located within designated employment lands. Project sites shall not be located on lands subject to flooding hazards, erosion hazards, including wetlands. Residential, mixed-use, commercial and business commercial projects would not be eligible. ✓ May be vacant land or underutilized industrial buildings. ✓ Priority will be given to projects anticipating the creation or retention of a large numbers of new jobs. ✓ Priority will be given to projects anticipating the creation of a large amount of new/redeveloped gross floor area and large construction values. ✓ Priority will be given to projects focussing on Barrie's key economic sectors (advanced manufacturing, health & life sciences). ✓ Priority will be given to projects receiving funding through Invest Ontario, or other

		Provincial or Federal Funding economic development agencies.
Exemption from Site Plan Application Fees and Building Permit Fees Grants	<p>Allows for the upfront waiving of Site Plan Application fees and the rebating of base Building Permit fees for qualifying employment land development projects.</p> <p>Site plan application fees may be waived at the discretion of the Executive Director of Development Services or their designate for any development project that fits the project eligibility criteria.</p> <p>The waiver only applies to the City's portion of the Application Fee and would not include fees required by other commenting or review agencies (for example, conservation authorities).</p> <p>Required Building Services fees for base building permit are paid by the applicant at the time of application and are rebated to the applicant upon completion of an eligible development and the positive final inspection and clearance from Building Services. Only the base building permit fee is eligible.</p>	✓ Same criteria as above.
Study Grants	<p>A study grant is offered to offset the cost of studies required by the City to support an employment use on an eligible property.</p> <p>The studies may include, but not necessarily be limited to: traffic impact studies; environmental impact studies; site servicing studies; archaeological surveys; and/or feasibility/analysis studies.</p> <p>The grant is a 50/50 matching grant program where the City will provide a grant to an applicant for up to 50% of the cost of eligible studies (excluding HST), up to a maximum of \$25,000 per study and \$250,000 per property.</p>	✓ Same criteria as above.

Development Charges (DC) Deferral*	To reduce financial barriers to the development of facilities on employment lands, the City of Barrie will allow qualifying projects to seek approval to defer the payment of project DCs without interest from the time of Building Permit issuance to prior to an Occupancy is Permitted report from Building Services, or an 18-month timeframe from Building Permit issuance, whichever comes first.	✓ Same criteria as above.
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*Since the writing of this draft CIP, Provincial legislation has been tabled to potentially defer DCs, as well as direction from Mayor Nuttal for Staff to develop a pilot DC deferral program independent of this CIP. The impact of these initiatives will be considered as part of the CIP implementation plan.

The draft Employment Lands Development CIP establishes both general eligibility criteria that all applicants must meet to be considered for CIP financial incentive grants, and for additional CIP programs, as well as program specific eligibility requirements. These are detailed in Section 3.3 of the Employment Lands Development CIP.

Financial Implications

An annual budget is not proposed for the Employment Lands Development CIP at this stage of the process, however staff do have a sense of what an impactful contribution to the Employment Lands Development CIP might look like on an annual basis based on both the historical expenses of the former DC abatements program and calculations that have been run utilizing some recent major employment related development projects.

The previous DC abatement program saw an average expense of approximately \$2.1-million over the final six years the program was available. Annually, those expenses ranged from approximately \$930,000 to \$2.9-million.

Additionally, the total potential incentives that the sample scenarios of recent employment related development projects would have generated ranges from approximately \$2.1-million to \$4.6-million annually over a five-year period.

As part of the report back to Committee, fiscal options will be provided for consideration. Council has the authority to determine whether to fund all programs through one pool of funding, or to allocate a set amount of the CIP and/or Commercial/Industrial Lands Reserve Funds to specific programs. There is approximately \$815,000 uncommitted in the current Commercial/Industrial Lands Reserve currently.

Next Steps

Notification of the proposed Employment Lands Development CIP has been circulated to members of the public as well as stakeholders in the community, in accordance with the Planning Act.

Staff will review and consider all comments that are received through the public engagement process. All comments that are received will be identified and addressed in the future staff report.

Based on feedback during the public consultation process, the expectation is that the CIP programs may be revised before returning to Council for approval. Staff are targeting September 2025 for a staff report to be brought forward for General Committee's consideration of the proposed Employment Lands Development CIP.

If you have any questions, please contact Susan Rockey, Business Development Officer, at ext. 4339 or susan.rockey@barrie.ca.

Appendix:

Appendix A – Draft Employment Community Improvement Plan

Memo Author:

Susan Rockey, Business Development Officer, Economic and Creative Development Department

File #: D18-001-2025

Pending #: Not applicable.