

6 CIP Programs, Monitoring and Marketing

Review of Comparable Communities

A review of Community Improvement Plans in comparable communities outlined in the table below describes the variety of priority programs available for a municipality to use. The comparison summarizes the policy tools each municipality has in place. Budgets change from year to year, so each municipality's ability to fund the CIP incentives is an annual decision of Council.

Incentive	Bracebridge	Burks Falls	Gravenhurst	Huntsville	Penetang.
Affordable Housing					✓
Façade Improvement	✓	✓	✓		✓
Fee or Development Charge Rebates		✓	✓	✓	
Landscaping / Property	✓		✓		
Professional Fees Grant		✓	✓		
Residential Rehabilitation	✓		✓		
Signage	✓	✓	✓		✓
Structural / Building Improvement	✓		✓		✓
Tax Increment Grant	✓	✓		✓	

Incentives in Comparable Communities

Emerging Trends

In the past, many municipalities only had a façade improvement program in their Community Improvement Plan. Now, municipalities are experimenting with new concepts for incentives to encourage private-sector reinvestment, especially where it will enhance the public realm and build the overall vitality of the community.

Affordable Housing

Housing availability has become a challenge for many rural communities, especially in terms of attainability for new homeowners, young people, seasonal workers, seniors, and low-income populations that do not qualify for government-funded affordable housing.

- **Barrie Affordable Housing Development Grant Program:** This program aims to create a mix of unit types across the continuum of affordable housing options, geared towards the low and low to moderate income households.
- **Brantford Greyfields Community Improvement Plan:** This program is aimed at converting former retail and institutional uses by incentivizing mixed use, multi-storey residential infill and redevelopment.
- **Cambridge Affordable Housing Community Improvement Plan:** This program has preserved or created more than 3,000 affordable units to date.
- **North Grenville Tax-Increment Equivalent Residential Grant:** This program supports the development/intensification of residential (stand-alone or as part of mixed-use developments) in downtown Kemptville.
- **Worker Housing:** Accommodation for employees has also been the topic of study for municipalities, for example:
 - [Southern Georgian Bay Tourism Industry Workforce Housing Research and Business Case](#)
 - [Tofino Seasonal Workers Housing Action Plan](#)

Industry Stimulus

- **Amherstburg Building and Accommodation Grant Program:** This program is aimed at rehabilitation, redevelopment, or development of overnight accommodation uses and other uses which support the tourism sector.
- **Lucan Biddulph Industrial Stimulus Program:** This program supports private investment geared to the creation of jobs and diversification of the local economy by incentivising exceptional projects.
- **Wellington County Invest More Grant:** This program aims to develop more rooftop patios/ outdoor dining spaces, privately owned publicly accessible spaces, and Bed and breakfast accommodations.
- **Windsor Business Development Grant:** Project must create a minimum of 50 new jobs within the manufacturing sector or a more than 20 jobs within any other targeted sector(s).

Waterfront

Public access to waterfront has become a focus of Community Improvement Plans. Some municipalities have advanced funding for boat slips.

- **Kawartha Lakes Marina Slips:** Given that the Kawartha Lakes are part of the Trent-Severn Waterway, this program encourages the development of additional temporary docking spots for boaters travelling to/through the Community Improvement Plan area.

Public / Private Space Links

- **Sarnia Landscape and Property Improvement Program Grant:** This program funds landscaping improvements, pedestrian connections, sidewalk cafes/patios and other improvements that can contribute to enhancing the public realm; installation of alternative ground cover treatments; re-sodding; installation or improvement of pedestrian walkways; tree planting; installation or improvement of a permanent sidewalk café or patio; installation of benches or permanent planters; and services of a professional landscape architect.

Implementation Tools

Fee Rebates

A basic tool for implementing programs in the Community Improvement Plan are rebates for municipal fees and charges, including:

- Planning Application Fees, including fees for Official Plan and Zoning By-Law Amendments, applications for Minor Variance, etc.
- Building Permit Fees, including Plumbing Permit Fees
- Development Charges, if not already exempt for the applicable development type in the Development Charges By-Law (see Figure 2)
- Other municipal fees related to the development proposed

On top of the typical eligibility filters set out for any incentive, the policy must set out what percentage of the total fee amount a municipality will rebate to an applicant, when the rebate is issued, and when the rebate is void (e.g. approval not received on a zoning by-law amendment).

Municipalities may record the use of fee rebates by transferring funds from the Community Improvement Plan budget to the budget line of a specific revenue line of a Department.

Development Charge Eligibility	Exempt	Institutional	Commercial	Residential
Location				
Within Designated Central Business District	x			
By Development Type				
Hospitals		x		
Nursing Homes		x		
Homes for Aged		x		
Retirement Homes				x
Industrial Development	x			
Other Institutional		x		
Commercial Development			x	
Roofed Accommodation	x			
Temporary Structures (less than one year)	x			
Garden Suite (Apt. Rate)				x
Farm Help House Development	x			
Farming Business Development	x			
Cannabis Production Facility			x	
Affordable Housing – County SH Prog. Funded	x			
Parking Garage	x			
Place of Worship	x			
Designated Brownfield Development	x			
Single detached dwellings				x
Semi-detached or row dwellings				x
Other residential buildings / facilities				x
Tiny Homes (100 m ² usable area or less)				x
By Property Ownership				
Education Boards	x			
County	x			
Local Boards of the County	x			

Example of Development Charge Exemptions

Loans

Construction loans are low-interest or interest-free loans offered by a municipality to an applicant. A loan agreement is signed between the parties, and a loan amortization repayment table is established. Sometimes municipalities provide a “forgivable portion” of the loan if the applicant stays current on payments.

In recent years, some municipalities are no longer offering loans, preferring grants as an implementation tool because of the following concerns:

- Loans are available from private financial institutions and Community Futures Development offices, creating a scenario where the Township would be competing (with little or no experience) against the private lending sector or federal business loan programs.
- Administration and monitoring of loans is labour intensive, placing additional human resource obligations and financial burdens on the municipality. If the loans are not administered and monitored by staff with appropriate fiduciary and accounting skill sets, or if staff are replaced or reassigned, fiscal problems may develop that will need to be repaired, and any negative perceptions may harm the reputation of the Township.
- During the pandemic, advocacy groups warned of business aversion to taking on more debt, regardless of the cost to borrow.
- The practice of registering the loan on title is not welcomed by businesses and causes increased costs that are not budgeted if the business wishes to discharge the loan when renegotiating with other lenders.
- Loans may create unwelcome complexities with municipal budgeting.
- Staff who lack confidence in administering a loan program may not promote it aggressively, creating lower business intake rates.

If the Township chooses to implement a loan program, assistance from the Township’s Finance Department is mandatory. Finance staff will also determine their level of comfort with forgivable loan amounts, amortization conditions, etc. Alternatively, the Township could outsource the delivery of such a loan program to the local Community Futures Development Corporation.

Construction Grants

Construction grants are another fundamental tool for implementing programs in the Community Improvement Plan. The nature of a construction grant must be defined clearly in the CIP and/or associated policy documentation.

On top of the typical eligibility filters set out for any incentive, the policy must set out the following:

- **Maximum Grant Amount:** The maximum grant amount is the total funding a municipality will provide per property to any successful applicant (e.g. \$10,000 per program per property, maximum of \$50,000 total from all incentive programs per property), regardless of the total project cost estimate.
- **Matching Percentage:** The maximum percentage is the share of the total project cost estimate the municipality will provide to any successful applicant (e.g. 50% of total project estimate cost). If the calculation of matching percentage of total project cost estimate exceeds the Maximum Grant Amount, then the lesser of the two amounts will be the Maximum Grant Amount.

Tax Increment Grants

A Tax Increment Grant is a financial tool used by municipalities to provide financial support to development projects by rebating the difference between property tax bill amount on a property prior to construction and the taxes on the same property after construction and tax reassessment. For example, if the property tax bill increased from \$30,000 to \$50,000 in Year One after reassessment, the municipality would rebate a percentage (e.g., 100% or \$20,000) of the difference in tax bills, after all property taxes (\$50,000) have been paid. In Year Two, the percentage may be 80%, resulting in a \$16,000 rebate grant after the \$50,000 total bill is paid. If the rebate continued to drop in increments of 20% each year for a total of five years, then the business would receive three more grants at \$12,000, \$8,000, and \$4,000, respectively, totalling \$60,000 over five years. Usually, the total rebate amount over the rebate period must not exceed the total original cost of construction that activated the tax assessment increase.

Construction grant programs are defined clearly in the CIP and/or associated policy documentation. On top of the typical eligibility filters set out for any incentive, the program will detail:

- Number of years the rebate will be granted after the property is improved and reassessed (e.g., five years vs ten years).
- Change in rebate percentage each year (e.g., 100% in Year One, 80% in Year Two, etc.).
- Total rebate amount the municipality will provide per property to any successful applicant (e.g. the sum of all rebates will not exceed the total construction costs).
- Other conditions.

Tax increment-based grants are very labour intensive to implement and require detailed documentation to mitigate against staff turnover and institutional memory gaps. The program is difficult for financial staff to budget, as the difference between the pre-development and post-development assessment will be unclear until the project is fully built and reviewed by

the Municipal Property Assessment Corporation (MPAC). Municipal staff will no doubt promote a cautionary approach.

Eligibility criteria may need to change for programs that utilize a Tax Increment Grant as a tool, such that a project must be much larger in scale or generate tangible spin-off benefits to justify the increase in grant contributions. Smaller projects may need to be eliminated from the program for ease of administration. The complexity of tracking and monitoring dozens of \$25,000 rebates will be more burdensome than three \$250,000 rebates.

The objectives of any Community Improvement program that uses a Tax Increment Grant for implementation should include long-term tangible targets. For example, employment targets need to be set for eligible industrial building developments, not including temporary construction labour. A net increase of employment in the target geographic areas, directly because of these developments, should be among the criteria for receiving a rebate. For residential projects, there may need to be an audit system that ensures that housing meant for local employees is not converted to short-term rentals for tourist. Potential developers will need to be warned specifically about any conditions that may void their grant eligibility in the future.

If the rebate period of a program is extended from five years to ten years, the need for careful administration, financial analysis, legal services, risk mitigation, and more considerations will be amplified. The effects of rebating so much property tax to development projects will test political stamina over as many as three Council terms.

Expectations of the developer will need to be written into any agreement, in terms of how the rebate is administered, whether it can be sold with the property if the development changes hands, etc., as well as any funding limitations that the Township may institute in the future.

The complexity of a tax-increment rebate application can confuse many developers.

The stimulative effect will be enhanced if the proponent can clearly understand how their bottom line will specifically benefit from participating in the program. If the Township can demonstrate how much the developer can expect to save, and how that data can be used to leverage loans from financial institutions or investors, the stimulative effect increases even more.

Given that large-scale developments will cost many millions and could dramatically increase the tax assessed on a vacant or derelict property (if eligible), the promise of a tax rebate that could tip the balance on such an investment may not sell the concept to a developer if the Township placed a cap on total rebates. For example, if the total rebate is capped at \$100,000 over five years on a \$10-million development, the program is unlikely to stimulate a company to invest.

This type of incentive should only be exercised if there is a clear financial advantage to the developer, and an obvious community benefit to the Township of Muskoka Lakes. Design Guidelines are important to ensuring that new development or renovations are compatible with the existing character of the community. The order of magnitude of the grant should be very high to justify a developer's willingness to invest in a project that otherwise may not happen. The win-win nature of the development must be very clear to all parties.

Developers that are not eligible for Tax Increment Grants may put pressure on elected representatives to expand the scope of the program beyond the original objectives the incentive tool was designed to assist. Program creep will need to be monitored carefully, as any changes in eligibility will eat into overall budget allocations and potentially compromise priority objectives.

Eligibility Filters

Municipalities use eligibility filters to narrow the focus of Community Improvement Plan incentives, prioritizing specific objectives for local economic development.

- **Priority:** An incentive program may be categorized as high priority. Applicants, if eligible, will receive funding approval first, before any other incentive program applications.
- **Geographic Areas:** The eligible geographic area is shown in the Community Improvement Area as a map (e.g. defined waterfront area vs agricultural area), as prescribed in the Community Improvement Plan. In some municipalities, the entire municipality is the eligible geographic area.
- **Industry Focus:** The eligible industry areas are defined (e.g., downtown commercial vs agricultural, tourism vs industrial).
- **Property Types:** The eligible property types are defined (e.g., non-residential vs commercial).
- **Applicant Types:** The eligible applicant types are defined (e.g., property owners vs tenants with written approval by the owner).
- **Expenditures:** The eligible expenditures are defined (e.g., brick veneer refacing vs replacement windows, load-bearing wall rehabilitation vs replacement roofing material).
- **Other General Conditions:** Applicants should not be in tax arrears. They also must not start construction until their application is approved. Other conditions may be added.

Proposed Private Realm Incentive Programs

Program and grant amounts are subject to Council budget review.

Employee Housing Grant

Objective

To increase the number and quality of dwelling units available exclusively to employees of tourism establishments in Bala and Port Carling.

Rationale

Workers in accommodation, food services, and retail related to tourism are usually younger people who are paid lower wages for seasonal work. Businesses have identified a shortage of workers, especially in summer, complicated by the lack of affordability and availability of worker housing in the Township.

Implementation Tools and Funding Amounts

Implementation Tool	Tool Available?	Municipality Match %	Maximum Grant Range
Fee Rebate	Yes	N/A	N/A
Construction Grant	Yes	25%	\$20,000 to \$40,000
Loan	No	N/A	N/A
Tax Increment Grant	Yes	5-year period	\$150,000 to \$900,000 total over 5 years

Eligibility Filters

Eligibility Filter	Details
Priority	High
Geographic Areas	Bala and Port Carling
Industry Focus	Tourism, Hospitality and Retail Workforce Housing
Property Types	Residential, Commercial, Institutional
Applicant Types	Property Owner
Expenditures	Construction costs related to development or redevelopment of multi-residential housing for workers in the tourism and hospitality sector. Exclusions: appliances.
Special Conditions	Property owners may apply for the construction grant (small projects) or the tax increment grant (large projects), but not both. Housing is intended for employees of businesses in the area. Use will be registered on title. Property owners cannot convert the housing to tourist accommodation or residential dwelling units without Township permission. Construction must follow building codes and regulations for housing of workers

Budget and Stimulative Effect

Scenarios were developed for this grant with options for annual budgets ranging from \$20,000 to \$100,000. Under the scenarios calculated, the Township of Muskoka Lakes could stimulate 6 to 15 Employee Housing projects over ten years. The stimulative effect could be valued as high as \$4.2 million in private-sector investment over ten years, depending on the level of incentives provided.

Shoreline Structure Grant

Objective

Encourage the development of additional day-use docking and/or boat slips for operators of pleasure craft and boat taxis travelling to the Community Improvement Plan area.

Rationale

Businesses in Bala and Port Carling and cottage owners on adjacent lakes wish to see an increased number and frequency of safe pleasure craft traffic. By developing additional boat slips and docking areas, property owners and the Township will help to increase the amount of foot traffic in the commercial areas while decreasing pressure on vehicle parking.

Implementation Tools and Funding Amounts

Implementation Tool	Tool Available?	Municipality Match %	Maximum Grant Range
Fee Rebate	Yes	100%	To be determined
Construction Grant	Yes	50%	\$5,000
Loan	No	N/A	N/A
Tax Increment Grant	No	N/A	N/A

Eligibility Filters

Eligibility Filter	Details
Priority	High
Geographic Areas	Bala and Port Carling
Industry Focus	Tourism and Hospitality, Retail
Property Types	Waterfront Commercial, Waterfront Open Space, Waterfront Institutional
Applicant Types	Property Owner
Expenditures	Construction costs related to development of new docks or boat slips.
Special Conditions	Docks and boat slips are intended for public day-use by boaters to access the businesses in Bala and Port Carling. The use will be registered on title. Current or future owners of the property who restrict public access or allow overnight use without Township permission will be prosecuted. Construction must follow guidelines established by appropriate authorities.

Budget and Stimulative Effect

Scenarios were developed for this grant with options for annual budgets ranging from \$10,000 to \$60,000. Under the scenarios calculated, the Township of Muskoka Lakes could stimulate 14 to 84 Shoreline Structure projects over ten years. The stimulative effect could be valued as high as \$1 million in private-sector investment over ten years, depending on the level of incentives provided.

Business Structural & Mechanical Upgrade Grant

Objective

To support upgrades and investment in structural and mechanical components of commercial properties to enhance business viability, building integrity, and year-round use.

Rationale

Older buildings may have decayed structural supports, out-of-date electrical systems, substandard plumbing, sanitation concerns, or heating systems and insulation. Even the smallest of cafes, restaurants and food shops need proper ventilation for food preparation, renovations for contactless food-delivery, as well as fixes for pest control, or upgrades to drains, grease traps and interceptors. Small business owners need support to ensure their businesses stay compliant with regulations, welcoming to customers, safe for employees, financially viable, and open in all seasons.

Implementation Tools and Funding Amounts

Implementation Tool	Tool Available?	Municipality Match %	Maximum Grant Range
Fee Rebate	Yes	100%	Municipality to rebate any fee paid
Construction Grant	Yes	50%	\$10,000 to \$25,000
Loan	No	N/A	N/A
Tax Increment Grant	No	N/A	N/A

Eligibility Filters

Eligibility Filter	Details
Priority	Medium
Geographic Areas	Bala and Port Carling
Industry Focus	Tourism, Hospitality and Retail
Property Types	Commercial
Applicant Types	Property Owner or Tenant with Property Owner's Written Permission
Expenditures	Construction costs related to structural and mechanical upgrades to existing commercial buildings, including upgrades to plumbing and electrical systems, installation of safety and fire protection systems, structural upgrades, upgrade and installation of windows, new technologies, building insulation, consultant fees, fire suppression systems, carpentry, HVAC, and interior renovations.
Special Conditions	All construction must follow Ontario Building Code and other regulations.

Budget and Stimulative Effect

Scenarios were developed for this grant with options for annual budgets ranging from \$10,000 to \$80,000. Under the scenarios calculated, the Township of Muskoka Lakes could stimulate 9 to 20 Business Structural and Mechanical Upgrade projects over ten years. The stimulative effect could be valued as high as \$1.3 million in private-sector investment over ten years, depending on the level of incentives provided.

Business Accessibility & Facade Upgrade Grant

Objective

To encourage business owners to improve accessibility for persons with disabilities and to enhance the exterior façade of their building.

Rationale

Accessibility to businesses in Bala and Port Carling is critical. Not only must property owners comply with Provincial law, those who do not are missing out on opportunities. The number of Canadians living with a physical disability that impairs their mobility, vision, or hearing, will rise to 3.6 million over the next ten years. Improvements to workplace access would allow 550,000 Canadians with disabilities to work more, increasing GDP by \$16.8 billion by 2030. The increase in labour availability would lift the income of people with disabilities by more than \$13.5 billion. These outcomes would also improve availability of workforce and generate new customers for small business owners.

Implementation Tools and Funding Amounts

Implementation Tool	Tool Available?	Municipality Match %	Maximum Grant Range
Fee Rebate	Yes	100%	Municipality to rebate any fee paid
Construction Grant	Yes	50%	\$5,000 to \$25,000
Loan	No	N/A	N/A
Tax Increment Grant	No	N/A	N/A

Eligibility Filters

Eligibility Filter	Details
Priority	High – Accessibility Upgrades Low – Facade Upgrades
Geographic Areas	Bala and Port Carling
Industry Focus	Tourism, Hospitality and Retail
Property Types	Commercial
Applicant Types	Property Owner or Tenant with Property Owner's Written Permission
Expenditures	Accessibility Upgrades: Construction costs related to renovation of building entrances, upgrading of doors, installation of power assist door operators, installation of ramps, elevating devices, and accessibility washrooms for the public. Facades Upgrades: External repairs to facades on any public-facing wall, including signage, lighting appropriate for night sky promotion, entrances, and display windows.
Special Conditions	All construction must follow Ontario Building Code and other regulations and conform to Design Guidelines.

Budget and Stimulative Effect

Scenarios were developed for this grant with options for annual budgets ranging from \$5,000 to \$30,000. Under the scenarios calculated, the Township of Muskoka Lakes could stimulate 7 to 13 Business Accessibility and Façade Upgrade projects over ten years. The stimulative effect could be valued as high as \$700,000 in private-sector investment over ten years, depending on the level of incentives provided.

Ecological Space Grant

Objective

To improve the landscape between commercial business properties and public properties, highlighting environmental sustainability, natural beauty, and local culture.

Rationale

There is a constant push to keep Muskoka natural and green. Regeneration, environmental sustainability, and climate change are top of mind among citizens, business owners, and visitors. Places can build community pride by responding to these trends, encouraging more greenery and vegetation, and generally making the collective community look more beautiful and forward-thinking.

Implementation Tools and Funding Amounts

Implementation Tool	Tool Available?	Municipality Match %	Maximum Grant Range
Fee Rebate	No	N/A	N/A
Construction Grant	Yes	50%	\$5,000 per property
Loan	No	N/A	N/A
Tax Increment Grant	No	N/A	N/A

Eligibility Filters

Eligibility Filter	Details
Priority	High
Geographic Areas	Bala and Port Carling
Industry Focus	Tourism, Hospitality, Retail, Office, Industrial near Public Spaces, Residential or Mixed Use in limited cases
Property Types	Commercial, Industrial
Applicant Types	Property Owner or Tenant with Property Owner's Written Permission
Expenditures	Material, labour and consulting costs associated with building ecological space connections between private and public outdoor spaces (land or water), including supply and installation of soil, alternative cover treatments, native trees and shrubs, lighting appropriate for supporting dark sky promotion, permanent sidewalk café/patio, benches, planters, public art.
Special Conditions	Owners of contiguous properties should be permitted to apply as a group and pool their grant allotments. They could then hire one professional landscape architect and/or contractor to design and install the projects together, accelerating activation and maximize the time of available contractors.

Budget and Stimulative Effect

Scenarios were developed for this grant with options for annual budgets ranging from \$5,000 to \$30,000. Under the scenarios calculated, the Township of Muskoka Lakes could stimulate 7 to 54 Ecological Space projects over ten years. The stimulative effect could be valued as high as \$700,000 in private-sector investment over ten years, depending on the level of incentives provided.