



City of Hamilton Report for Consideration

To: Mayor and Members
General Issues Committee

Date: April 30, 2025

Report No: PED25105

Subject/Title: Growing a Resilient and Environmentally Sustainable Hamilton Community Improvement Plan

Ward(s) Affected: (City Wide)

Recommendations

- a) That staff **BE DIRECTED** to bring forward to the Planning Committee for a statutory public meeting, in accordance with Section 17(15)(d) of the *Planning Act*, Appendix A to Report PED25105 respecting a proposed new Growing a Resilient and Environmentally Sustainable Hamilton Community Improvement Plan;
- b) That staff **BE DIRECTED** to bring forward to the Planning Committee the following for consideration in conjunction with the proposed Growing a Resilient and Environmentally Sustainable Hamilton Community Improvement Plan:
 - (i) Appendix B to Report PED25105 respecting a proposed Growing a Resilient and Environmentally Sustainable Hamilton Community Improvement Project Area;
 - (ii) Appendix C to Report PED25105 respecting program terms for a proposed Growing a Resilient and Environmentally Sustainable Hamilton Study Grant Program;
 - (iii) Appendix D to Report PED25105 respecting program terms for a proposed Growing a Resilient and Environmentally Sustainable Hamilton Bayfront Industrial Area Retrofit Grant Program;

- (iv) Appendix E to Report PED25105 respecting program terms for a proposed Growing a Resilient and Environmentally Sustainable Hamilton Development Tax Increment Grant Program;
- c) That staff **BE DIRECTED** to implement necessary administrative processes required to enable the GREEN Project ID 8202508001 to be utilized for the provision of grants under the proposed new Growing a Resilient and Environmentally Sustainable Hamilton Study Grant Program and the proposed Growing a Resilient and Environmentally Sustainable Hamilton Bayfront Industrial Area Retrofit Grant Program;
- d) That staff **BE DIRECTED** to prepare a delegated authority by-law to be brought forward to Planning Committee in conjunction with the proposed Growing a Resilient and Environmentally Sustainable Hamilton Community Improvement Plan authorizing the General Manager of Planning and Economic Development to approve applications under the Growing a Resilient and Environmentally Sustainable Hamilton Bayfront Industrial Area Retrofit Grant Program up to an amount equal to the stated program maximums;
- e) That staff **BE DIRECTED** to prepare a delegated authority by-law to be brought forward to Planning Committee in conjunction with the proposed Growing a Resilient and Environmentally Sustainable Hamilton Community Improvement Plan authorizing the General Manager of Planning and Economic Development to approve applications under the Growing a Resilient and Environmentally Sustainable Hamilton Study Grant Program up to an amount equal to the stated program maximums.

Key Facts

The purpose of this Report is to present the Growing a Resilient and Environmentally Sustainable Hamilton Community Improvement Plan (herein referred to as “the Plan”), a new community improvement plan created to replace the existing Hamilton LEEDing the Way Community Improvement Plan as part of the City’s 2021-2025 Economic Development Action Plan.

Staff’s recommendations carry forward the general intent of the Hamilton LEEDing the Way Community Improvement Plan and, through the programs in the Plan, remove some of the financial barriers associated with environmentally responsible developments (newly constructed and retrofitted buildings) that enhance energy efficiency and/or reduce greenhouse gas emissions.

This proposed Plan aligns with Council priorities and is intended to implement Council approved policies and strategies and contributes to the City’s response to climate change.

Financial Considerations

The Growing a Resilient and Environmentally Sustainable Hamilton Development Tax Increment Grant Program, the program proposed in recommendation (b) (iv), is funded directly through the municipal tax increment resulting from the increase in municipal taxes generated from the new development. As such, no additional funding is required to implement this recommendation.

Recommendations (b) (ii) and (b) (iii), the Growing a Resilient and Environmentally Sustainable Hamilton Study Grant Program and the Growing a Resilient and Environmentally Sustainable Hamilton Bayfront Industrial Area Retrofit Grant Program, respectively, have a total of \$2 million of Council approved funding. Council approved \$1,750,000 through the 2025 budget approval process in February 2025 (Account 8202508001 - Growing a Resilient and Environmentally Sustainable Incentive Program account) and the remaining \$250,000 comes from the Office of Climate Change Initiatives' Reserve account (Account No. 108062). This transfer was approved by Council in Report PED24165.

There are no new staffing requirements resulting from the recommendations of this Report.

Background

This Plan replaces the Hamilton LEEDing the Way Community Improvement Plan. The City's practice is to comprehensively review community improvement plans and the associated programs on five-year cycles. The review of the Hamilton LEEDing the Way Community Improvement Plan also arose from Council's approval of the 2021-2025 Economic Development Action Plan, Council approved in 2022, which was listed as one of the action items.

The Hamilton LEEDing the Way Community Improvement Plan was, as adopted by By-law 08-214 (as amended) and included a single incentive program, referred to as the Leadership in Energy and Environmental Design Grant Program. This program is a tax increment-based incentive program that rebates a portion of increased municipal property taxes resulting from development or redevelopment to provide financial support towards increased costs realized as a result of achieving the Leadership in Energy and Environmental Design building standards. It was initially intended to support environmentally focused community improvement efforts within the City's industrial parks and Bayfront and East Hamilton industrial areas. The central focus of the Plan was to incentivize developments within these areas to achieve the certification resulting in private and public health benefits including the reduction in energy consumption, improvements to indoor environments and a reduction in water usage and waste. In 2010, the Hamilton LEEDing the Way Community Improvement Plan and the affiliated program was expanded to all developments/redevelopments throughout the

urban area that sought to achieve Leadership in Energy and Environmental Design building certification.

In 2024, as part of this comprehensive review, staff completed internal and external consultation, including a public open house on June 18, 2024, and additional meetings with industry stakeholders to develop an understanding of the elements they use and prefer with regard to sustainable building certifications and the limitations and constraints they are encountering. Staff's analysis also included discussions with neighbouring municipalities to understand any successes and challenges they have had producing financial incentive programs to further encourage sustainable development.

Overall, this new Plan maintains the intent of the original Hamilton LEEDing the Way Community Improvement Plan and past City actions and initiatives by continuing and expanding financial incentives to support environmentally sustainable development and ensures that the Plan's goals and incentive programs remain relevant to current Provincial and City policy direction, strategies and priorities respecting environmental sustainability and climate change.

The resulting Plan was guided by the following overarching review standards for a new community improvement plan:

- Maintain the practice of being financially responsible and providing financially sustainable programs for the City;
- Realign the Plan and the affiliate programs with any changes arising from community and Council priorities that support strategic initiatives being undertaken by the City respecting environmental sustainability and climate change;
- Provide property owners (and tenants) with effective and meaningful financial incentives to encourage environmentally sustainable development that result in the (ultimate) goal of the reduction in greenhouse gas emissions; and,
- Ensure that these programs are also economic catalysts for desired change that support new investment and assessment growth, particularly with respect to industrial and commercial development through sustainable development.

Analysis

The Guiding Framework

As noted, this Plan builds upon past City community improvement programs in support of the City's climate change effort and it is also intended to complement and support the vision, goals and policies of related plans and strategies including Provincial planning policies, the 2022-2026 Council Priorities, 2016-2025 Strategic Plan (2016), the Climate Action Strategy, the 2021-2025 Economic Development Action Plan, and the Urban and Rural Hamilton Official Plans, among others.

Policies

The new Provincial Planning Statement, 2024, continues to establish the overarching policy direction for matters of Provincial interest on land use planning and development, including economic development and the protection of the environment, along with the efficient use of land, infrastructure and the provision of housing. The Provincial policy further provides general direction on the requirement for planning authorities to plan for the impacts of a changing climate and to reduce their greenhouse gas emissions.

The City's Urban and Rural Official Plan have a number of goals including developing healthy and safe communities as supported by the policies surrounding the mitigation and adaptation of a changing climate, improving resilience, reducing greenhouse gas emissions, and environmental sustainability. The official plans use a broad interpretation of health recognizing the inter-relationships between all aspects of our environment and the impacts on the health of citizens.

The Plan aligns with the relevant policies in these documents. The policies are outlined in Section 3.0 of the Plan, found in Appendix A to Report PED25105.

Approved Council Priorities and Strategies

2022-2026 Council Priorities

The members of the current term of Council approved the 2022-2026 Council Priorities to support the City's visions "to be the best place to raise a child and age successfully". There are three priorities, each with associated outcomes. As it applies to the purpose of this Plan, Priority 1, 'Sustainable Economic and Ecological Development', aligns with the Plan as it addresses each of the associated outcomes including: reducing the burden on residential taxpayers; facilitating the growth of key sectors; accelerating the response to climate change and protecting green space and waterways.

2021-2025 Economic Development Action Plan

In 2022, Council approved the 2021-2025 Economic Development Action Plan. This economic plan established specific action items including the expansion and re-envisioning of the Hamilton LEEDing the Way Community Improvement Plan, and actions identified to support the achievement of climate change targets, and the implementation of the Bayfront Industrial Area Strategy.

Bayfront Industrial Area Strategy

The Bayfront Industrial Area Strategy was also approved by Council in 2022 and is a strategy for the blueprint of its transformation. The Bayfront area has several significant barriers that are limiting new investment and sustainable redevelopment including contamination and the cost of retrofitting the buildings. In this respect, this strategy speaks to the importance of a plan, like the community improvement plan proposed in

this Report, to promote environmental sustainability by encouraging the reduction in energy consumption and encouraging green building and sustainable design. The Council approved strategy also outright recommends the creation of a new community improvement plan for the area and the promotion of an eco-industrial park.

Climate Action Strategy

In March of 2019, Council unanimously declared a climate emergency and thereafter, in August of 2022, council endorsed Hamilton's Climate Action Strategy, which is the City's net zero roadmap. This strategy included the creation of the Office of Climate Change Initiatives above all demonstrating the City's commitment to taking action and establishing itself as a municipal leader in the response to climate change.

The Office of Climate Change Initiatives, as part of the Council approved Climate Action Strategy, brought forward the Community Energy and Emissions Plan that established a low-carbon scenario model to get the City to the goal of net zero greenhouse gas emissions by 2050. The Community Energy and Emissions Plan also provides an implementation strategy of actions for both the City and the community that includes five Low-Carbon Transformations based on current city wide data. The actions proposed are organized to focus on 5 key low-carbon transformations that will be pivotal in achieving Hamilton's low-carbon future, one of which is the "Transforming Our Buildings" action that includes modelled targets for retrofitting of existing buildings to be more energy efficient and encourages fuel switching.

The City's industrial emissions still are the largest source of greenhouse gas emissions; however, it is noted that the emissions related to the commercial and residential buildings are the third largest emissions source in the City and in a business as usual pathway, without intervention or a change to the usual practices, buildings will increase to the second largest source of emissions.

What We Heard and Learned from Consultations

One of the early considerations for the Plan was to expand the list of eligible certifications (i.e. beyond the Leadership in Energy and Environmental Design certificate), to include other certifications more widely used today. Certifications are generally used as part of the City's community improvement programs to help define eligibility in the program because they are third-party verified, have established goals and objectives and thereby reduces the need for additional staffing to analyse a project. However, as staff continued to discuss the merits of using certifications, it was determined that they are often seen as a burdensome administrative cost to any developer or property owner, no matter the size of development. Certifications could also potentially reduce flexibility with regard to design. This was also repeated by members of the Open For Business Sub-Committee where staff presented on July 16, 2024, when staff shared the preliminary information on this Plan. Committee members, in the development industry, shared the same sentiment and concern regarding certifications and instead suggested incentivizing projects that exceeded a benchmark

as established by the Plan's programs. It was staff's impression therefore, that given the goal is to continue toward reducing greenhouse gas emissions that there should be flexibility in achieving that goal thereby allowing developers to pursue the certification if they so choose.

The certification(s) could be replaced by a relevant report(s), prepared by a qualified professional (e.g. a professional engineer), demonstrating the targeted metric is achieved and where needed, the City could request a peer review of that submitted study (e.g. an energy modelling report). This approach was also further solidified when it was determined that this Plan could be used as a means to incentivize and assist with the implementation of the City's Green Building Standards, where the City has their own established criteria for the performance of development. This is an opportunity to further promote the Green Building Standards, over other specific industry certifications. This also eliminates any confusion in having the City, through incentives, promote something other than the City's own Green Building Standards. However, there is an effort in the Green Building Standards, that harmonize, to an extent, the respective metrics with other standards and codes (e.g. the Toronto Green Standards, Leadership in Energy and Environmental Design or the National Energy Code of Canada for Buildings) that could help with streamlining submission reviews.

As part of the review process, staff also met with a number of municipalities. There are a limited number of municipalities, namely the City of Toronto, City of Waterloo and City of Kingston, that have specific programs in place that directly fund or reimburse sustainable developments to any meaningful extent (e.g. provide a refund of Development Charges for achieving a voluntary tier of a green building standard or an outright grant for meeting an energy efficiency metric in the National Energy Code of Canada for Buildings that is above and beyond the Ontario Building Code requirement). However, there are many municipalities that have recently implemented and/or are preparing green building standards, like the City of Hamilton. These municipalities are quickly trying to identify funding and/or currently exploring a financial incentive structure (i.e. a community improvement plan program) as they have identified that the uptake on the volunteer portions of their green building standards is low and the industry feedback has been that financial assistance is needed to build to these newly established and voluntary standards.

There is one recent exception to the above, being the City of Richmond Hill, which has approved a community improvement plan that provides funding for the building of affordable rental units that are sustainably designed, with that funding source being the Housing Accelerator Fund from the federal government.

Costs

The costs related to the development of sustainable buildings varies. This could be for a number of reasons that include the complexity of the build in question, the sustainability goal, the ease of access to resources to achieve the development goal, and the overall

intended use of the building (i.e. industrial versus residential). Therefore, it is difficult to identify the exact incremental costs of developing “green”.

However, as noted, staff did meet with a number of industry developers. Many did not openly share their costs, however with respect to an industrial build of a net-zero development, staff obtained costs and share those in this Report to give an indication of the anticipated grants that could result through one of the proposed tax increment-based grant programs proposed in this Plan. Generally, it was shared that an all-electric, net zero industrial building was about 12% more expensive to build than an equivalent Ontario Building Code compliant building. For example, assuming a \$170/square foot building cost, the all-electric building generally has a premium of \$20/square foot.

With regard to the cost of leases, it was also shared with staff that net zero, all-electric buildings (or other highly certified buildings like Leadership in Energy and Environmental Design Platinum etc.) are not necessarily resulting in the rent premiums the developers were expecting. The demand for these buildings is generally coming from the larger, public corporations at this time at these premium prices given that they simply have the ability to pay and/or the requirement to pay given their corporate goals and objectives. With regard to the smaller tenants, despite wanting to be in a “green” building and despite the operational cost savings of these buildings, given that many commercial and industrial tenants pay their own utilities, it wasn’t clear whether the rent premium could be made up by reduced energy usage and/or increased energy cost savings by renting in a more efficient building.

Another interesting discussion that was had in these consultations related to planning for retrofits. Most governments have greenhouse gas emissions targets established for 2030 and 2050, including the City of Hamilton, and many corporations have adopted these targets (or similar ones) as well. This is, in part, reflected in the products the companies use and/or the operation of the buildings they own/tenant and so this is significant because owners need to account for these targets when assessing future retrofit plans for buildings. For example, the replacement of a heating ventilation and air conditioning system through a retrofit can significantly reduce the greenhouse gas emissions and potentially be more attractive and reduce vacancy, however, costs like these are typically amortized over 15-25 years. Given the payback period and depending on the date of the last HVAC retrofit, there would likely be complications and potential timing conflicts with the above target dates regarding the expiration of an HVAC system and the timing of a new retrofit. This all adds costs. In cases where those buildings are tenanted, it could come at a further cost of losing tenants if the tenant chooses to relocate to a more efficient buildings in a neighbouring municipality. This could result in a loss of tax revenue and could reduce the attractiveness and competitiveness of the City.

Why are Incentives Needed?

Reaching the City's climate change targets will require immediate action. While the industry is changing and building more sustainably, the pace of adoption may not be quick enough. This extends to retrofitting buildings, which are often more costly and complicated. As time passes, more and more buildings will require retrofits to comply with climate change targets and so these proposed incentives are not just for new buildings but also to help, in a small way, address the "backlog" of buildings requiring retrofits.

Addressing the sustainability of a building is most financially prudent at inception or when retrofit plans are first being considered and so, any energy efficiency measures not considered today could be delayed for decades. This simply means lost time to reduce carbon emissions. The City has an inherent interest in influencing these decisions as soon as possible given the interest in growing a greener economy and addressing climate change. While buildings are only a part of the solution to the climate change crisis, delaying this Plan and the associated incentive programs and the resulting development of sustainable buildings could increase the risk to the City in falling behind its peers with respect to meeting climate change targets, attracting business and investors of a green economy, particularly among its peer municipalities, which compete for business.

There are several factors that have limited "green" development to date, among them including:

- Higher upfront capital cost, discouraging owners and tenants from adopting these technologies and work. While the benefits can be seen over the life of the buildings, because these financial benefits are not felt immediately, it is still hard to convince the adoption, therefore financial incentives, like those proposed here, help to de-risk the work toward sustainable development;
- Costs are particularly expensive for the reuse or retrofit of buildings, where a project can run into technical challenges and limitations that simply make the work unfeasible, especially if a business is accounting for any downtime associated with the construction;
- The nature of the development or more particularly the ownership tenure (condominium versus rental) plays a part. Condominium developers, who build and sell the units without maintaining any ownership, have less incentive to construct "green" buildings and have less incentive to invest more or change their established approach from previous projects that have been demonstrated to work for them;
- The sourcing of materials (e.g. triple glazed windows) could be difficult or the delays in obtaining specific materials (e.g. laminated veneer lumber) could be costly, however, both these factors seem to be improving;

- The misconceptions, lack of local knowledge and expertise (shortage of skilled trades in this respect) and therefore limited awareness in some cases regarding these technologies including the potential savings that can be achieved (i.e. the significant reduction in operational costs);
- Utility concerns and the reliability of electricity given the movement to electrify;
- There could be other established priorities (e.g. affordable housing), which could be refocusing energies and refocusing government programs and incentives;
- The Ontario Building Code requirements regarding energy efficiency do not require “green” development (to the extent needed, like is being contemplated in the Plan); and,
- Market uncertainty and tenant demand is not yet clear, so the risk of investing, at this time, could outweigh the benefits for some businesses. The demand right now for the “green” buildings (associated with the growing corporate/business environmental social and governance mandates) is not yet met with a willingness to pay the higher rent premiums in all cases.

Therefore, without incentives, it is possible that the City can limit its economic competitiveness and the ability to attract business if this means less “green” buildings than demanded. At the extreme, this could also lead to a loss of talent particularly if the City’s neighbouring municipalities become more attractive in this regard. The sustainable development industry is gaining momentum and without investment in it could mean the City will miss out on any of the associated economic development opportunities and co-benefits.

Goal and Objectives of the Plan

The goal of the Plan is simply to support the planning, development and redevelopment of “green” buildings with the objective of:

- Achieving the City’s climate change goals;
- Improving environmental conditions within our communities and reducing those future associated risks;
- Increasing assessment and property tax generation, particularly those contributing to the City’s green economy to ensure the City continues to be an attractive place for investment;

- Reducing the need (or the pressures) for greenfield or agricultural lands to accommodate future employment related growth;
- Efficiently utilizing existing infrastructure and reducing related costs, including the City's operating and capital costs by reinvigorating previous employment areas into sustainable destinations that will fulfil corporate environmental, social and governance mandates, and better utilize existing infrastructure and buildings;
- Supporting the achievement of Provincial/City residential unit/jobs density targets, where applicable;
- Enabling new economic development opportunities that support a strong and diverse local workforce as the Provincial and global green economy grows; and,
- Consistently monitoring for new and emerging regulatory or economic barriers and for current development practices respecting "green" development and redevelopment.

With respect to keeping this Plan relevant and current, this Plan is scheduled to undergo a review in five years, however this Plan could require a review sooner. Staff acknowledge that building practices will change over time and that some of the incentivized metrics (in this iteration of the Plan) may become standard practice.

Below are the Plan's programs summarized, which implement the above.

Summary of the Proposed Programs and Grant Amounts

Growing a Resilient and Environmentally Sustainable Hamilton Study Grant Program

This Program applies city wide and is intended to support the undertaking of a sustainability related study (e.g. an energy modelling report), for the development or redevelopment on sites that are exempt from a Plan of Subdivision application or a Site Plan application and therefore may not be subject to the City's Green Building Standards and which are for the proposed construction of a commercial, industrial or multiple dwelling. Low-rise residential dwellings (including single detached, semi-detached, townhouse and stacked townhouse units) do not qualify for this program.

The Program will provide 50% of the cost of an eligible study to a maximum of \$10,000. Where this work is being completed for the purpose of a not-for-profit housing development, the grant will cover 100% of the costs to a maximum of \$20,000. Eligible studies shall report on metrics like operational energy use and embodied carbon. The study shall also include a writeup that describes the reduction in the financial operating costs anticipated to be achieved through the proposed project in

comparison to an established baseline, as determined by a qualified professional who is preparing the study.

The purpose of this Program is to promote an awareness of potential sustainable development options that can be incorporated into projects where there is no requirement to otherwise produce this study. Incentivizing these studies can help identify any potential long-term financial, operational and environmental benefits that can be had and assists the applicant in exploring those benefits brought forward in the study now that there are demonstrated financial savings to be had if the work is pursued.

Detailed Program terms are contained in Appendix C Report PED25105.

Growing a Resilient and Environmentally Sustainable Hamilton Bayfront Industrial Area Retrofit Grant Program

This Program is intended to provide grants that will support the physical improvements to existing industrial and commercial buildings within the Bayfront Industrial Area, which is identified in the Growing a Resilient and Environmentally Sustainable Hamilton Community Improvement Project Area By-law as “Sub-Area 1: Bayfront Industrial Area”. This is attached as Appendix B to this Report PED25105. These improvements must contribute to the reduction in greenhouse gas emissions as reported through their greenhouse gas intensity. This Program is proposed to include delegated authority to the General Manager of the Planning and Economic Development Department, per recommendations (e) to this Report, for approvals of grants up to the Program maximums, as noted below, and attached as Appendix D to Report PED25105.

This Program provides a grant equal to 50% of the costs for works subject to eligibility under this Program up to the Program’s maximums, as set out below:

- \$150,000 for a minimum 25% greenhouse gas intensity reduction compared to a baseline as established by a qualified professional and acceptable to the General Manager of the Planning and Economic Development Department; and,
- \$400,000 Grant for a minimum 50% greenhouse gas intensity reduction to a baseline as established by a qualified professional and acceptable to the General Manager of the Planning and Economic Development Department.

These works include any directly related and required costs (installation, labour and/or structural improvements) for things like solar panels, heat pumps, geothermal systems etc. By providing Grants to mitigate these financial impediments, the Program can be a catalyst for the Bayfront Industrial Area to be a destination for sustainable redevelopment, particularly on underutilized sites reducing the need for greenfield lands to accommodate future employment growth.

Grants are provided after the development is completed along with supporting documentation that includes paid invoices, a final inspection report and study, by a qualified professional, to the General Manager's satisfaction, demonstrating the applicable greenhouse gas intensity target has been achieved. Approval and the receiving of the Grant under this Program does not preclude eligibility, approval and the receiving of Grants/Loans for the same site under any other available municipal program with the exception of the GREEN Hamilton Development Tax Increment Grant Program, Barton/Kenilworth Tax Increment Grant Program, Barton/Kenilworth Revitalization Grant Program and the Barton/Kenilworth Planning and Building Fees Rebate Program, which shall not be permitted to be combined with assistance under this Program.

The detailed Program is contained in Appendix D to Report PED25105.

Growing a Resilient and Environmentally Sustainable Hamilton Development Tax Increment Grant Program

This Program is a tax increment-based program that applies city wide. The grants provided are relative to the actual increase in municipal property taxes generated as a result of a site's development. The development must be subject to a site plan application and also subject to the City's Green Building Standards. The Program is intended to support the development of buildings that achieve, at a minimum, the voluntary "Tier 2" metrics in the City's Green Building Standards.

Grants under this Program are provided after project completion and based on the actual annual municipal property tax increment generated. Grants are provided relative to program specific compliance with voluntary tier of the City's Green Development Standards and/or specific greenhouse gas intensity and/or embodied carbon minimums as established through the Program terms. To qualify for the Grant, the completed development must be, at a minimum, designated as being a "Tier 2 Building", which is defined as:

- A building that is subject to the City of Hamilton's Green Building Standards and, at a minimum, meets the "Tier 2" metrics found in the Energy and Carbon Impact Category, where applicable, and one other "Tier 2" metric, at the Applicant's discretion, from each of the remaining Impact Categories found in the City of Hamilton's Green Building Standards Guidebook; and,
- A building is certified as "Tier 2" through the review of the submission of Post Construction Submission requirements, where required, or through confirmation of the completion of the Site Plan Submission requirements, as found in the Green Building Standards Guidebook all to the City's satisfaction or, at the City's discretion, a third-party reviewer by an applicable qualified professional, at the Applicant's expense. The site must have also gone through the City's site plan application process.

The grants cannot exceed the project's cost of construction. This will be demonstrated through a Quantity Survey report that provides the detailed construction cost breakdown of the project.

Grant Levels

Table 1, below, illustrates the three Grant Levels being contemplated in this Program. Each of the Grants Levels builds upon the next Grant Level.

Grant Level 1 is provided for buildings that meet the definition of a "Tier 2 Building". A Grant Level 1 grant is equivalent to 80% of the municipal uplift in taxes generated from the development up to a maximum of three annual payments.

Grant Level 2 requires that the development continues to meet the definition of a "Tier 2 Building" but for the more stringent requirement that the building be net zero (from an operational emissions level).

Grant Level 3, again, requires that the "Tier 2 Building" definition but for the more stringent requirement that it be net zero and an alternative carbon reduction target of 20%.

Table 1: Grant Levels for the Growing a Resilient and Environmentally Sustainable Hamilton Development Tax Increment Grant Program

	Grant Level 1	Grant Level 2	Grant Level 3
Number of Annual Grant Payments	3	4	5
Annual Grant as a Percentage of Actual Municipal Property Tax Increment	80%	90%	100%
Applicable Performance Standard	Meets the definition of a "Tier 2 Building"	Meets the definition of a "Tier 2 Building" per Grant Level 1 and the following minimum alternative GHGI (kgCO2/m2/yr.) limits:	Meets the definition of a "Tier 2 Building", is a Net Zero Emissions building or meets the Tier 4 National Energy Code of Canada requirements per Grant Level 2, and meets the following minimum alternative embodied carbon reduction percentage:
Residential Part 3 and Part 9 Buildings per the Ontario Building Code that are less than 6 storeys in height		0* (Net Zero Emissions)	20%

Residential Part 3 Buildings per the Ontario Building Code that are 6 storeys or greater in height		0* (Net Zero Emissions)	
Commercial Office		0* (Net Zero Emissions)	
Commercial Retail		0* (Net Zero Emissions)	
Industrial		Tier 4 National Energy Code of Canada Voluntary Compliance	

* A net zero emissions building is one that is highly energy-efficient and produces on-site, or procures, carbon-free and or renewable energy in an amount sufficient to offset the annual carbon emissions associated with its operations or simply eliminates operational carbon emissions altogether.

This Program will take effect on such day that the City's Green Building Standards come into effect.

Detailed Program terms are contained in Appendix E to Report PED25105.

Example of a Grant Under This Program

Staff have illustrated an example of a grant below that could occur through this Plan. An actual past development was used as a reference to provide a realistic municipal tax uplift number based on the size of the development and the use of the building.

Table 2: Potential tax increment grant scenario

GREEN Development Tax Increment Grant Program Grant Levels	Annual Grant Provided as a % of Municipal Tax Uplift Realized	Number of Annual Grants Provided	Industrial Case Study: Single Tenant Manufacturing Facility
			105,000 sq ft. Realized annual municipal tax uplift: \$362,276
Grant Level 1	80%	3	\$869,462.40
Grant Level 2	90%	4	\$1,304,193.60
Grant Level 3	100%	5	\$1,811,380.00

As demonstrated in Table 2, above, depending on the Grant Level reached, a single-tenant manufacturing facility, with an approximate 105,000 square foot build, could anticipate grants between approximately \$870,000 to \$1.8 million, assuming the applicant realizes a municipal tax uplift of at least \$360,000 annually.

Policy Implications/Legislated Requirements and Implementation

The adoption of community improvement plans, and community improvement project areas allows a municipality to provide financial incentives/assistance within specified geographic areas (or community improvement project areas) that would otherwise be prohibited under Subsection 106(2) of the *Municipal Act*, which is often referred to as 'bonusing'. Under Section 28 of the *Planning Act*, municipalities with enabling policies in their Official Plans may adopt a community improvement plan for the purposes of providing grants and/or loans to property owners or tenants to support physical improvements within the specified geographic areas that Council has deemed appropriate. Within the City, this enabling policy is contained in Chapter F, Section 1.15 of the Urban Hamilton Official Plan and Rural Hamilton Official Plan and discussed in greater detail within Section 3.2 of the proposed updated Growing a Resilient and Environmentally Sustainable Hamilton Community Improvement Plan contained in Appendix A to Report PED25105.

The adoption of a community improvement plan is conducted in accordance with Sections 17 and 28 of the *Planning Act* as well as the City's Public Participation and Notification Policies contained in Chapter F, Section 1.17 of the Official Plan and similar to an official plan amendment process, these policies include requirements for stakeholder engagement, public notice and a statutory public meeting. Therefore, should Council support the proposed Plan along with the financial incentive programs, in accordance with the *Planning Act*, staff will prepare and bring forward, for Council's consideration, the appropriate by-laws required to implement the proposed Plan and community improvement project area contained in Appendix A to Report PED25105 and Appendix B to Report PED25105, respectively. These by-laws would be subject to public notice requirements and brought to Planning Committee for a statutory public meeting. At the future Planning Committee meeting, staff would also bring forward the proposed implementing program descriptions for Council consideration which contain the specific terms, eligibility criteria and administrative processes required to implement the programs described in the Plan. These draft program descriptions are contained in Appendix C to Report PED25105 through Appendix E to Report PED25105.

Public notice regarding the statutory meeting for the recommended community improvement plan and community improvement project area by-laws would be undertaken in accordance with the requirements of the *Planning Act* and Chapter F, Section 1.17 of the Official Plan.

Community improvement plan and community improvement project area by-laws and associated implementing program descriptions will come in to effect after the expiration of the required appeal period under the *Planning Act* and subject to the implementation of the City's Green Building Standards. At this time, any existing program applications which have not yet been approved by Council, will become subject to the new Plan and program descriptions, where the criteria have been met.

This Plan will take effect when the appeal period has expired following the adoption of the by-laws as noted above, with one exception being the Growing a Resilient and Environmentally Sustainable Hamilton Development Tax Increment Grant Program. This specific program requires that the City's Green Building Standards are in full force and effect. As noted in the Report PED25117 prepared by Planning staff regarding the implementation of the Green Building Standards, the Planning Division has set a Green Building Standards implementation date of September 1, 2025, and therefore, the above noted tax increment grant will be in effect, at the earliest, on this date.

Monitoring

Staff acknowledge that the industry is changing and improving with respect to sustainable development, which includes potential changes to the Ontario Building Code, that could totally revamp the required sustainable features in new developments and retrofits. Further, the Green Building Standards will be periodically reviewed, which could result in changes, affecting this Plan. Planning staff have noted in Report PED25117 that following Q4 2026 an update that provides a review of the applications received to date could include recommendations for changes to the Green Building Standards.

Therefore, to continue to align with Council priorities, City approved strategies, and the Green Building Standards, and to avoid having the proposed incentives in this Plan over incentivize a development or redevelopment of a site, a review prior to the regularly scheduled five-year review cycle could be required. As part of this analysis, staff will be reporting on the following:

- Total area of land investigated through the study grant program that was redeveloped;
- The decrease in greenhouse gas emissions relative to grants dollars issued;
- The number of "green" sustainable developments meeting Grant Level 1, 2 or 3 relative to the overall development taking place that meets the mandatory requirements of Hamilton's Green Building Standards;
- The new Industrial Commercial Institutional floor area created as a result of grants;
- The increase in assessment and property tax generation within the Bayfront Industrial Area;
- The decrease in vacancy in the Bayfront Industrial Area; and,
- Private sector investment leveraged within the Bayfront Industrial Area relative to City grants/loans.

Alternatives

Council may direct that the proposed programs be modified in a manner as deemed appropriate. Should Council elect to explore alternatives to staff's proposals, Council may refer this Report and provide direction to staff to investigate any such alternative direction along with any potential legal, financial, and economic impacts from such direction.

Given the declaration of a climate change emergency and therefore the importance of influencing sustainable development as soon as possible, staff do not recommend delaying or not pursuing the proposed Plan.

Relationship to Council Strategic Priorities

Staff's recommendations support the following key Council priority:

- Sustainable Economic and Ecological Development;
- Reduce the burden on residential taxpayers;
- Facilitate the growth of key sectors;
- Accelerate our response to climate change; and,
- Protect green space and waterways.

Consultation

- Michael Kovacevic, Solicitor, Corporate Services Department;
- Lynda Lukasik, Director, Office of Climate Change Initiatives, Planning and Economic Development Department;
- Trevor Imhoff, Senior Project Manager, Office of Climate Change Initiatives, Planning and Economic Development Department;
- Emily Coe, Manager, Zoning and Committee of Adjustment, Planning and Economic Development Department;
- Mallory Smith, Planner 1, Zoning and Committee of Adjustment, Planning and Economic Development Department;
- The Development Industry Liaison Group;
- WestEnd Home Builders Association; and,
- Developers with experience in building sustainable.

Appendices and Schedules Attached

Appendix A - Growing a Resilient and Environmentally Sustainable (GREEN) Hamilton Community Improvement Plan DRAFT

Appendix B - GREEN Hamilton Community Improvement Project Area

Appendix C - GREEN Hamilton Study Grant Program DRAFT

Appendix D - GREEN Hamilton Bayfront Industrial Area Retrofit Grant Program DRAFT

Appendix E - GREEN Hamilton Development Tax Increment Grant Program DRAFT

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