

## LEED GRANT PROGRAM

### PROGRAM DESCRIPTION

The intent of the LEED Grant Program is to provide an economic catalyst for the construction and or redevelopment of sustainable industrial, commercial, mixed-use and multi-unit residential (as defined in Part 3 (Group C) of the National Building Code) buildings and land development in the urban area. This program applies to the Hamilton LEEDING the Way Community Improvement Project Area (as such boundaries are presently defined).

The purpose of the grant program is for the City to share (50/50) the incremental construction cost (to a maximum, as per the **Table 1 – Page 3**), consultation, energy modeling and certification fees with the applicant to achieve LEED certification. Grants are calculated on the basis of the rating of official certification under the LEED rating system by the Canadian Green Building Council (CaGBC).

This program authorizes for each approved grant application, a five year grant, the amount of which is subject to Council approval, in an amount not exceeding the increase in municipal realty taxes as a direct result of the development/redevelopment of the land and/or building. The grant, which may be approved by Council, shall be an amount, which does not exceed 75% of the municipal realty tax increase during the first five (5) years following which the building has been officially certified under the LEED rating system by the Canadian Green Building Council (CaGBC). The base year for determining pre-development taxes will be the year building permit is issued.

The grants may be received by an owner in conjunction with any other available municipal program except for other tax increment financing programs. The approved grants are not assignable by the owner to anyone, except to the initial purchaser of any condominium unit.. The total of each property's five years of approved grants shall not exceed the City's share of the incremental construction cost.

A limited assignment of the grant under the terms of the Program may be made from a registered or assessed owner of the property to the initial purchaser of each new condominium unit. The assignment of the grant shall not apply to any subsequent re-sale of any such unit. The assigned grant shall be restricted to the balance of the five (5) year term following the date of the registration of the condominium and from the date which the building has been officially certified under the LEED rating system by the CaGBC. The first-year grant is payable during the calendar year in which 75% of

the condominium units within the project are fully assessed, and is calculated on a rateable per unit basis. In addition to the one time application fee of \$858.80, a one-time administration fee of \$423.75 per unit shall be deducted from the initial grant payment. Fees will be authorized through a by-law passed by City Council. The rate of the fees may be changed from time to time as approved by City Council. The one-time administration fee of \$423.75 per unit shall be deducted from the initial grant payment.

For applicants who choose not to assign the grant to the initial purchasers of each condominium unit, the grant will be earned by the applicant if they have met all terms and conditions of the Program including payment of taxes *during the development stage only*. The annual grant to the applicant will be pro-rated if an appeal has been filed with the Municipal Property Assessment Corporation by any of the condominium unit owners. The grant for condominium units that are under appeal will not be released until the appeals are settled through the Assessment Review Board. The first year grant is payable during the calendar year in which 75% of the condominium units within the project are fully assessed, and is calculated on a rateable per unit basis.

The grant terminates following the five (5) year period (5 grant payments) or when the City's share of the incremental construction cost has been granted in full (whichever comes first).

For purposes of determining the eligible amount of the increase in municipal realty taxes, special charges shall be excluded from the calculation. The base year for the purposes of calculating the grant is the taxes the day prior to the issuance of a building permit. The grant would reduce the effect of an increase in municipal (City portion only) realty taxes attributable to the differential between the pre-development assessment and the post-development assessment.

Before any grant is provided to the applicant for a property for which a satisfactory grant application has been received and approved, realty taxes are required to have been paid in full each year and, in compliance with the City's by-laws and policies.

Approval of grant applications is at the absolute discretion of City Council and subject to availability of funds.

Without limiting the discretion as set in the paragraph above, the City Council or its delegate, whether or not an Applicant satisfies the requirements of the Program, may reject any application received from an applicant where there is credible information that an applicant has been involved recently or repeatedly in illegal activity supporting the conclusion that he or she will not conduct himself or herself with honesty and integrity in undertaking the activity, operation or business for which the loan/grant is sought. For corporate applicants, it will be the corporation and the principals of the corporation whose illegal activity will be considered.

**Table 1 – Maximum share of City contribution for incremental construction cost**

<b>LEED Rating</b>	<b>Certified</b>	<b>Silver</b>	<b>Gold</b>	<b>Platinum</b>
Incremental Construction Cost Total	1%	3%	5%	8%
Applicant Share	0.50%	1.5%	2.5%	4%
<b>*City Share</b>	<b>0.50%</b>	<b>1.5%</b>	<b>2.5%</b>	<b>4%</b>

*Source: Enermodal Engineering, Kitchener ON*

\*Based on actual construction costs

## GRANT CRITERIA

Developing, redeveloping or renovating lands and buildings within the Hamilton LEEDING the Way Community Improvement Project area for LEED certified industrial, commercial, mixed-use and multi-unit residential projects, are eligible for grant approval following the owner's grant application for Council approval. Such application shall be submitted and only received if it is prior to the owners commencement of development of their property and shall include plans, estimates, contracts and other details as may be required to satisfy the City as to the cost of the project and as to the conformity of the project with the objectives of the Hamilton LEEDING the Way Community Improvement Plan.

Such project is also required to be in compliance with the City's other by-laws and policies, including zoning, site plan approval, design guidelines, etc. The compliance of each application with the criteria of this program and the amount and the property's grants (within the permitted terms of this program) is in the discretion of and subject to Council approval.

The applicant will be required to enter into an Agreement with the City of Hamilton that sets out the conditions of the annual grant.

## LEED EXPLAINED

### By Enermodal Engineering of Kitchener ON

The LEED™ (Leadership in Energy and Environmental Design) green building rating system was originally developed by the U.S. Green Building Council (USGBC) to provide a recognized standard for the construction industry to assess the environmental sustainability of building designs. Canadian Green Building Council (CaGBC) has since adapted the USGBC LEED™ rating system to the specific concerns and requirements of buildings in Canada.

LEED™ is a point-based rating system; points are earned for building attributes considered environmentally beneficial. LEED™ differs from other rating systems in that it has quantified most of the "green credits". For example, 5% of the building materials must be from salvaged materials to earn a point for the salvaged materials credit.

LEED™ 69 points (70 for LEED™ Canada) covering six topic areas. Each topic area has a statement of associated goals.

**Site Development:** minimize storm water run-off, encourage car pooling and bicycling, increase urban density and green space

**Water Efficiency:** eliminate site irrigation, reduce water consumption, minimize or treat wastewater

**Energy Efficiency:** reduce building energy consumption, use renewable energy, eliminate ozone-depleting chemicals, commission building systems

**Material Selection:** minimize construction waste, re-use existing building façade, use recycled and salvaged materials, use renewable construction materials and design and build more durable buildings

**Indoor Environmental Quality:** incorporate day lighting, use low off-emitting materials, provide operable windows and occupant control of work space, improve delivery of ventilation air

**Innovation in Design:** use a LEED Accredited Professional, greatly exceed the requirements of a credit, incorporate innovative environmental features not covered in other areas.

Designers can pick and choose the credits most appropriate to their project to achieve a rating. LEED™ has four performance ratings:

26 to 32 points: Certified

Certified 33 to 38 points: Silver

39 to 51 points: Gold

Gold 52 or more: Platinum

The LEED™ system can be used in three ways to improve the "green-ness" of a building design:

1. LEED™ can serve as a design guide for the design team. The LEED™ credit system is a systematic way of ensuring that the most important environmental issues are considered during the design of a building.
2. LEED™ reports are a valuable means of showing the client and other interested parties that the design has effectively addressed environmental issues.
3. A building design can be certified by the USGBC or CaGBC.

Certification provides increased market exposure and places the building in elite company among the greenest buildings in North America. LEED™ registration and certification fees are 4 cents U.S. or 7 CDN cents per square foot. In addition, LEED™ requires calculations and documentation to validate each LEED™ credit claimed.

LEED™ is the most recognized green building rating system in North America. There are over 200 buildings that have been registered with the CaGBC (over 2000 are registered with the USGBC to become LEED™ certified). Many developers, particularly those working on federal government and leading-edge private sector buildings, are requiring that building designs meet LEED™ Silver performance. Given that conventional new buildings would likely score only a few LEED™ points, achievement of any LEED™ level represents a significant reduction in building environmental impact and improvement of indoor environment.

The Canadian version of LEED™ is similar to the U.S. version with the exception that energy efficiency is relative to the Canadian Model Energy Code for Building.

The larger benefit of LEED™ buildings is an improved indoor environment (lower absenteeism, greater productivity, better thermal comfort), lower maintenance costs (commissioned building, more durable materials, smaller or eliminated building systems), higher corporate profile (increased product sales, marketing advantage, improved employee morale), and reduced risk of remedial measures (to deal with sick building syndrome or environmental contaminants).

## **EXAMPLE**

### **GRANT CALCULATION – FOR A LEED SILVER INDUSTRIAL BUILDING IN STONEY CREEK INDUSTRIAL BUSINESS PARK**

The Grant shall be calculated according to the following formulas:

Grant Level (% of Tax Increment):	75%
Total Construction Cost	\$1,360,000
Cost increment for LEED Silver	\$40,800
Total Eligible Costs City's Share (Maximum):	\$20,400

Pre-project AV:	\$48,500.00	Year: 2004
Municipal Levy:	\$127.55	

Education Levy: \$35.89  
**Pre-project Property Taxes: \$163.44**

Post-project AV: \$3,185,000.00 Year: 2007

Municipal Tax Increment = Post-project Municipal Taxes (actual) - Pre-project Municipal Taxes

“Grant Payment in Year 1” (first full calendar year after re-valuation of the completed and occupied project by the Municipal Property Assessment Corporation) or the “Initial Grant Payment” = Municipal Tax Increment\*100%

Calculation of Grant Payment in Year 1 (Initial Grant)

Pre-project **Municipal** Taxes = Municipal Levy = \$127.55

Post-project Property Taxes = \$183,616.94

Post-project Municipal Taxes = \$126,724.46

Municipal Tax Increment = \$126,724.46 - \$127.55 = \$126,596.91

Maximum Grant Payment in Year 1 = \$126,596.91x 0.75 = \$94,947.68

**NOTE: Tax increment exceeds the eligible amount, therefore, only eligible amount is payable**

**Therefore, Grant Payment Year 1 is \$20,400 and the program ends.**

**Eligible Costs if:**

**LEED Gold = \$34,000**

**LEED Platinum = \$54,400**