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Holding Back Industrial Development Charges is Key to Niagara's Economic Stability

Niagara Industrial Association- Don Fraser

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Niagara's industrial manufacturing sector is a vital part of our economy and a reservoir of future stable jobs, significant tax space and growth.

As municipalities struggle with funding and capital-cost crunches over coming budgets, we recognize increased industrial Development Charges (IDCs) — or elimination of exemptions and grants — may be on the agenda as a very-misguided option.

The Niagara Industrial Association (NIA) feels strongly this will hamper regional economic growth: Municipal measures to rollback IDCs have proved essential to industrial companies' welfare and provide future property and industrial tax stability for municipalities.

Many examples have played out in our NIA membership. Here is one, from a beneficiary that had a transformative result:

Abatement Technologies Builds a Substantial New Facility in Fort Erie

NIA-member Abatement Technologies is a world-renowned air-filtration and containment manufacturer. It was able to build a centralized modern headquarters, thanks to significant exemptions from new taxes and IDC's.

The Fort Erie company is a longtime Niagara manufacturer with over $75 million in annual sales, 215 staff members and an eight-decade presence in the region. It also has a facility in Georgia and a dozen sales-and distribution centres in Canada.

It previously outgrew its two locations in Fort Erie, so economies of scale, and centralized logistics made a main facility vital. Willing partners were found to help mitigate expansion costs, including the Town of Fort Erie, Niagara Region and ultimately the provincial Ministry of Transportation.

"There were no other pre-existing buildings in Niagara that would have worked for us," explained **Andrew Harber, Abatement's CEO and third-generation family business owner**. "Meanwhile, we had lots of usable industrial land in Niagara lay dormant for decades, and we could access this great parcel."

Indeed, the company explored relatively-inexpensive Georgia sites as an expansion option — but found a way to stay home, along industrial zoned land near the QEW in Fort Erie.

The *Niagara Gateway Economic Zone and Centre Community Improvement Plan* allowed them to apply for a tax increment-based grant— with strict new-building provisions — that ultimately meant

substantially-reduced local property taxes for 10 years. Through the Niagara Region's Industrial Use Development Charges Grant Program, a portion of Niagara Region's development charges was approved. The Town of Fort Erie did not have development charges at that time.

The result of Niagara's competitiveness is a new 100,000-square foot production facility off Commerce Parkway, which cost $20 million and opened in spring 2023, immediately more-than doubling its previous capacity.

"Those grants made this expansion feasible," Harber said. "And we found the Region and the Town both wanted to make this work and for the process to be as painless as possible."

Now, Abatement can create all levels of product development inside one large site, as it specializes in large and diverse HEPA filtration and construction containment products and modular-wall systems. Its tailored installations extend to work dust and particle abatement, restorations, healthcare facilities and commercial operations.

"It shouldn't be too long before we are at a Phase 2 expansion," Harber adds.

Financial encouragements like development tax exemptions are "wonderful in a highly competitive environment" and a boon for local municipalities and Niagara Region as a whole, he said. It builds the tax base, provides long-term jobs and helps Niagara stay in the game, when facing prime new-growth areas like Milton and parts of the Greater Hamilton-Toronto area that are development friendly.

"With tariffs and other complications, the landscape is more competitive than ever. It means these types of industrial-development exemption incentives are important.

"There are also jurisdictions in the U.S. rolling out the carpets and getting very aggressive about securing new manufacturing business," he adds. "We need to do the same."

Understanding the Scene in Niagara's Industrial Sector … and why Relief from Industrial Charges Matter

In general, industrial use in Niagara Region means land, buildings or structures used in connection for manufacturing, including production, distribution, processing and storage. It's a complex, Byzantine scene among Niagara's 12 local municipalities and the Niagara Region when it comes to their IDCs, calculations and rebates.

Various municipalities have different categories and definitions for development charges, from Industrial, to Residential Commercial and Institutional, with separate approaches to their calculations and rates per square foot.

Rather than going granular about this, it's important to understand the overview:

Niagara's industrial sector is a critical economic pillar, contributing significantly to GDP, exports, and employment, with the region having a notably-low industrial space vacancy rate that challenges growth and expansion.

Increased IDCs — or curtailing of ad-hoc exemption programs — would mean a substantial new cost for industrial firms, raising concerns about competitiveness and creating negative impacts on existing businesses and prospective growth for the sector.

As of our most recent NIA data, Niagara's industrial sector accounts for about $2.5 billion in nominal GDP, $5.4 billion in exports, and 73% of total export value. It is the region's fourth- largest employment sector, with a high job multiplier effect at 3.2, meaning many other dependent jobs are created as well.

At the same time, the region faces an industrial space vacancy rate below 1%, based on recent information, creating a supply shortage forcing firms to expand existing facilities or compete for limited space. This increases operational costs as a baseline — hence the need to expand inexpensively.

As for municipalities scouring for revenue, IDCs are not a sensible avenue: There is uncertainty about revenue expected from IDCs and whether newly-taxing or eliminating rebates and grants for existing firms, which represent 80% of industrial growth, is justified. It may discourage reinvestment and expansion in areas important to these firms, including consolidated warehousing and transportation.

In addition, U.S. Tariff War-created supply chain disruptions, cost-competitiveness, and global competition are increasing operating challenges for Niagara manufacturers.

Impact of Industrial Charges to the Region and Recent Pushbacks

The issue of Industrial Development Charges must be put into Regional perspective. In rough terms, Niagara Region has a $1 billion annual budget with about $1 million of that budget per year sourced from IDC's, alongside a rebate program providing temporary relief from property tax increases. There are different, and additional situations or exemptions applied by other local municipalities.

Meanwhile, Niagara's broader manufacturing and industrial sector continues to push back against wrongful municipal applications of complex IDCs as they exist now.

Recently, we were faced with a Regional IDC rebate measure based on jobs created in Niagara. As we argued then, industrial firms face significant labor shortages and evolving workforce expectations, making the requirement to increase employment by say 20 employees to qualify for IDC rebates unrealistic for most, especially small firms. Investment in technology and innovation — and expanded logistics facilities — are necessary to maintain competitiveness.

In a different scenario in 2025, the Lapennaco company successfully appealed much of a Regional development charge and interest of near $500,000 on a new Niagara Falls processing centre. The business deals with the secondary retail market and diverts landfill waste.

After the quasi-judicial special meeting, Niagara Falls Mayor Jim Diodati commented to the St. Catharines Standard: "We are in a highly competitive marketplace, especially with what is going on south of the border, and we need to … support businesses now, more than ever."

Niagara Region's stakeholders are clearly aware of the vital role industry, manufacturing and their logistics facilities play, there are many examples. Turning to an excerpt from the **Region's 10-year Economic Development Strategy, from page 51:**

"Niagara Region remains focused and committed to attracting and retaining manufacturers that create jobs in the region. These efforts will continue to increase the industrial tax base through higher and better uses of existing and future employment lands.

"The provision of both development charge and tax increment-based grants or deferrals provides Niagara with a unique value proposition that provides a competitive business climate." There are many other examples from Niagara municipal planning documents supporting the need for continued manufacturing investment.

The NIA knows Niagara's municipalities need more revenue, but as we move into a fresh budget and election cycle, we implore you not to shift the burden to Industrial Development Charges. It serves only to hinder new builds crucial to our economy and tax base, in turbulent economic times.

If anything, existing IDC rebates and grants should be expanded for this essential sector.

For further information or interviews, please contact the Niagara Industrial Association's Executive Director Jordan Sherlock at jordan@niagaraindustry.com