

RESOURCE ON COMMUNITY BENEFIT AGREEMENTS

Prioritizing the St. Thomas-Elgin
communities through the
Volkswagen facility development



ONTARIO NONPROFIT NETWORK

Unprecedented public investment in manufacturing presents a unique opportunity for St. Thomas-Elgin communities

The federal government is providing car-maker Volkswagen more than \$13 billion in tax-payer funded subsidies over the next decade, along with hundreds of millions in provincial funding as part of a deal to ensure the automaker builds its new electric-vehicle (EV) battery plant in St. Thomas, Ontario. This is the largest electric vehicle-related investment in Canadian history.

The St. Thomas community has the opportunity to leverage the \$13 billion in subsidies for **community wealth building (CWB) activities**, namely **community benefits agreements (CBAs)**.

In the past, it has been common practice for significant economic developments to be built without the consultation of the community directly impacted by such projects. The little that has been offered in the way of community benefits for this project - such as the promise to create up to 3,000 new jobs - will falter if local communities are not included in the process. A significant development like this can accelerate gentrification, potentially harm the environment, and cause disruption for surrounding communities.

What is community wealth building?

Community wealth building means developing a community's economy in a way that is sustainable and permanently keeps resources within the community through enterprises that are local, democratic, and inclusive. In short, it is a community economic development strategy characterized by advocating for, purchasing from, and creating **social enterprises**² that are:

- Local and place-based.
- Prioritizing social outcomes and particularly the well-being of employees over financial return.
- Owned (or controlled in the case of nonprofits) locally by a broad-base of residents who benefit from the accumulated wealth.
- Internally governed by democratic principles, and encourage participation in democratic governmental decision making.
- More likely to spend revenues locally.
- Backed by locally sourced investments.
- Created from and actively foster community collaborations and stronger relationships in the community.
- Actively networking within and beyond the community to seed a new economic system.



[Infographic: The potential of Community Wealth building is everywhere throughout community. Strong local businesses, permanent affordable housing, reliable public transit, and public spaces that serve everyone.]

1. Friedman, Gabriel. "Was Canada's \$13-Billion Pledge to Volkswagen Worth It?" [Financial Post](#), 3 May 2023.

2. "An organization that applies commercial strategies to maximize improvements in financial, social and environmental well-being." ([BC Centre for Social Enterprise](#))

What are community benefits agreements?

One way to achieve community wealth building (CWB) is to develop and implement community benefits agreements (CBA) when a corporation aims to establish a site in a new location.

CBAs are project-specific legal agreements or contractual requirements of construction, infrastructure, or development projects negotiated between communities and public or private developers. **In essence, the CBA process is a negotiation between a developer and a community to create a plan to meet the community's needs.** It is not a way to prevent a development from being built. Local residents are able to play an active role in building the communities they envision, especially when development is happening with public money.

While a community should base a CBA on the needs of the collective group, common provisions in a CBA include:

- Affordable housing requirements.
- Living wage standards for employees.
- Community services (or funding for these programs).
- Access to public space.
- Workshops or job training programs.
- One-time payments to community groups or residents.
- Hiring standards to ensure the workforce is local and made up of workers from equity-deserving groups, such as Indigenous people.



Graphic source - City Bureau: [What is a Community Benefits Agreement](#)

In return, community members commit to support the development. For instance, they might agree to attend public meetings or help the company recruit staff and contractors.

Case studies:

Below are some examples of successful CBAs that show us how communities can work alongside incoming businesses to make the transition better for both parties.

1. [CreateTO- housing now](#) - Toronto, Canada (2019)
2. [TCHC Regent Park](#) - Toronto, Canada (2023)
3. [West Park Healthcare Centre](#) - Toronto, Canada (2018)
4. [Rexdale-Casino Woodbine](#) - Rexdale, Canada (2022)
5. [Proterra Electric Bus Facility](#) - Los Angeles, US (2020)
6. [Gordie Howe Bridge CBA](#) - Detroit, US & Windsor, Canada (June 2018-Current)
7. [Staples Center](#) - Los Angeles, US (2001)

Opportunity for Community benefits agreements for the St. Thomas-Elgin communities

By organizing and negotiating a community benefits agreement as a part of the Volkswagen facility development in St. Thomas-Elgin, the plant development can create additional social, economic, and environmental benefits for local communities.

The CBA can include, for example:

- More housing, including affordable housing, built for local communities, particularly as more people move into St. Thomas-Elgin and surrounding areas for work at the facility.
- Adequate investment for improving schools and hospitals for the local communities.

- A pre-hiring training program as well as apprenticeship programs developed by Volkswagen to ensure a certain percentage of new hires are from local communities. This includes prioritized hiring from equity-deserving groups who face significant barriers to employment.
- Ensuring jobs at the Volkswagen facility include fair wages and benefits for all workers.
- Ensuring local small businesses and social enterprises are prioritized when Volkswagen makes procurement decisions.

A successful CBA will require communication, co-creation, and collaboration between three major key stakeholders in the design, implementation, monitoring, and reporting processes:

- **Community-based coalitions/networks:** Existing community-based networks include [Toronto](#), [Hamilton](#), [Windsor/Essex](#), [Ottawa](#), and [Niagara](#).
- **Ontario government:** The province plays a central role in funding and approving large infrastructure projects such as roads, highways, bridges, hospitals, universities, long-term care homes, and child care centers across the province. Additionally, many municipalities are enthusiastic about community benefits agreements due to their policy interest in community reinvestment.
- **Construction and development sector:** There is a [growing support of CBAs](#) within the construction sector as well.

Government investment

For the development of the new Volkswagen facility, the government of Canada and the government of Ontario competed for the contract, bidding against other countries like the United States using public tax dollars. The following financial breakdown shows how taxpayer money is being invested in this EV plant. As it is public spending, it makes sense to maximize the impact to deliver additional benefits.

| SOURCE | AMOUNT (CND) | PURPOSE | NOTES |
|---|---------------------|--|---|
| Federal government | \$700 million | Initial capital investment to secure facility | |
| Federal government | Up to \$13 billion | Ongoing production subsidies | |
| Provincial government | \$500 million | Secure facility | Money to companies in RDP as part of their investments |
| Provincial government | \$2.1 million | Regional development program (RDP) | Project supported by \$778 000 of RDP money to help create 13 new jobs |
| EDGE Automation London | \$5.2 million | Expand their operations (new equipment, larger facility, new resource planning system) | A leading automotive parts manufacturer based in St Thomas. Supported by \$1.3 million in provincial funding from RDP for 65 new jobs |
| Takumi Stamping Canada Inc | \$9 million | Expand plants and add new operating equipment | |
| Volkswagen estimated result (Return on investment) | \$100-\$200 billion | | |
| Volkswagen estimated sales generated 2022 | \$108.79 billion | | |
| Volkswagen operating profit before special item increase 2022 | \$3.82 billion | | |

Note: Funding is subject to change, the numbers above are as of July 2024.

Where do you start?

The most effective way to begin developing a Community Benefits Agreement (CBA) is by forming a community coalition. This involves bringing together a diverse group of people who represent the various and unique aspects of your community. This can be accomplished by door knocking, starting groups on social media, attending city hall meetings, or disseminating flyers locally. The goal is to convene a strong group of individuals who represent the broader community and are committed to supporting and advocating for their community's best interests and a better future.

Who is involved in the development of a CBA?

The most effective coalitions are diverse, encompassing a variety of community interests and perspectives. These coalitions often have a strong community presence—people know who they are and what they need, and they can effectively advocate for themselves and their communities when given the opportunity. A new coalition needs to develop a strategy to build awareness of its existence and goals by appearing at community and city meetings, requesting meetings with city leaders, hosting educational sessions about equitable development, and more. These relationships and this visibility communicate to the developer that the coalition has the power to support a development with a CBA or oppose the development if there is no agreement.

1. **Developers:** The developers seeking support for a new project are always involved in the negotiation of and are a party to the CBA.
2. **Community coalitions:** Community coalitions are a necessary party to any CBA to ensure that the community is engaged in the negotiation and will benefit from the development. A community coalition can include stakeholders such as:

- Individual residents
- Neighborhoods councils
- Faith groups
- Local nonprofits
- Local businesses
- Parent-Teacher associations
- Housing advocates
- Architects
- Preservationists
- Artists
- Local Indigenous leadership
- Elected Representatives

A community coalition should be diverse; and members should remain open to supporting the project if a suitable CBA can be negotiated with the developer. A community coalition should not include members who will oppose the development regardless of the terms of the CBA. The inclusion of intractable opponents to the project can thwart the community's efforts to negotiate a CBA and undercut its credibility as a good faith negotiator.

Conversely, the coalition should not include members who are prepared to support the project "as is" and without the developer's commitment to a CBA. To effectively negotiate a CBA, the coalition must be open to the idea of the development under appropriate circumstances. The rationale for forming a community coalition is to seek community benefits because, as envisioned, the project does not include enough benefit to the community or will negatively impact the community.



To achieve a CBA that will result in a mutually beneficial project, the coalition must be prepared to offer public support if the developer makes appropriate commitments to the community.

Shaping the future of your communities

Community benefits agreements have the potential to empower communities to collaborate with incoming businesses, fostering the diverse and equitable future they've always dreamed of. Affordable housing, new healthcare infrastructure, increased child and long-term care services, improved public transit, and more can all be part of the CBA your community develops. By working alongside incoming businesses, communities can ensure that benefits extend beyond just new jobs for community members. Every community deserves the opportunity to shape a compassionate, vibrant, and beautiful environment that benefits everyone.

Resources on CBAs:

1. [Buy Social Canada](#), (N/A). Community benefits agreements.
 - a. Buy Social Canada offers detailed guides, tools, and training for government, development teams, and others on community benefits agreements.
2. [Mowat Centre](#), (December 19, 2018). How to get community benefits agreements right: Engage and empower. Mowat Centre.
 - a. This short article links to some prominent examples of community benefits agreements in Canada and summarizes some of the success factors for these agreements. This includes defining community in a way that reflects the community and ensuring commitments are legally binding.

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3. [CBA Toolkit](#)

3. [Community Benefits Ontario](#), (March, 2017). Boldly Progressive, Fiscally Balanced: A Community Benefits Policy Framework for Ontario. Community Benefits Ontario.
 - a. This policy framework provides a policy you can point to in advocating to the Government of Ontario to explain how it could more effectively deliver community benefits.
4. Julian Gross, (2005). [Community Benefits Agreements](#): Making Development Projects Accountable. Canadian Community Economic Development Network.
 - a. This guide provides first hand experience from the perspective of organizers of the strengths and weaknesses of community benefits agreements, and how to get them right.
5. Community wealth building: [Essential Reading List Bibliography](#).
6. How nonprofits can foster community wealth building: [A reading list](#)

About ONN

ONN is the independent nonprofit network for the 58,000 nonprofits in Ontario, focused on policy, advocacy and services to strengthen the sector as a key pillar of our society and economy. We work to create a public policy environment that allows nonprofits to thrive. We engage our network of diverse nonprofit organizations across Ontario to work together on issues affecting the sector and channel the voices of our network to government, funders, and other stakeholders.

For more information:

Ebony Davitt
Policy Advisor
Email: ebony@theonnc.ca