



## The Corporation of the Town of Tecumseh

Planning & Building Services

**To:** Mayor and Members of Council

**From:** Brian Hillman, Director Planning & Building Services

**Date to Council:** July 28, 2020

**Report Number:** PBS-2020-25

**Subject:** Financial Incentive Program Grant Application  
Tecumseh Road Main Street Community Improvement Plan  
Gateway Tower Inc./Valente Development, 11870 Tecumseh Road  
Building Property Improvement Grant Program  
OUR FILE: D18 CIPFIP - CIP-05/20

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### Recommendations

It is recommended:

**That** the Grant Application for the Tecumseh Road Main Street Community Improvement Plan (CIP) Financial Incentive Program, for the property located at 11870 Tecumseh Road (Roll No. 374401000000400), **be deemed eligible and approved** for the Building and Property Improvement Grant Program, the amount of which will be determined based upon the incremental increase in the municipal portion of property tax that results from the works being completed in relation to the construction of a six-storey, 99-unit apartment building proposed for the subject property, all of which is in accordance with Section 11.3 (5) of the CIP and with PBS-2020-25;

**And that** the construction timeline requirement for the proposed development be extended from one year to two years, in accordance with Section 11.3 (5) of the CIP and with PBS-2020-25.

### Background

The Council-adopted Tecumseh Road Main Street Community Improvement Plan (CIP) applies to an area that represents the historical commercial core of the Town and comprises an approximate 1.2 kilometre corridor centred on Tecumseh Road from the VIA Railway on the east to the Town's border with the City of Windsor just beyond Southfield Drive on the west

(see CIP Area in Figure 1). The area encompasses 96 acres and approximately 115 properties with a mix of commercial and residential along with many tracts of underutilized land. The CIP establishes a community developed vision and provides a means for planning and promoting development activities to more effectively and efficiently use lands, buildings, and facilities. Its goal is to bring about revitalization and encourage both private and public investment in the CIP Area. To help achieve this vision, the CIP provides for a range of financial incentive programs to registered Owners and tenants of land and buildings within the CIP Area. Attachment 1 contains a table that outlines the financial incentives available for lands in the CIP Area, subject to satisfying various criteria and rules.



## Comments

## Proposal

In May of 2020, Town Council approved a site plan control agreement with the Owner of the vacant 1.08 hectare (2.68 acre) parcel of land situated at the northeast corner of the Tecumseh Road/Southfield Drive intersection (11870 Tecumseh Road) (see Attachments 2 and 2A for location) regarding the development of a six-storey, 99-unit apartment building, along with on-site works such as parking and landscaping (see Attachment 3). At that time, the Owner also applied for a Development Charges Grant under the (CIP). Given that the proposed apartment building met the urban design policies and guidelines and the grant program requirements of the CIP, Town Council approved the application in the amount of \$100,000 for the subject

property. This grant amount represents the maximum one-time grant for any single property within the CIP area.

The Owner has now made application under a separate CIP grant program - the Building and Property Improvement Grant Program (BPIG) – with respect to the proposed development of the subject property. The BPIG promotes the development of commercial, institutional, mixed use buildings and multi-unit residential (greater than six units) within the CIP area. This grant program is not subject to the maximum \$100,000 grant limit since the BPIG effectively provides a 100 percent reduction to the incremental increase of the municipal portion of property taxes for a five-year period of time, rather than an outright municipal financial contribution.

The Owner has also filed an application with Canada Mortgage and Housing Corporation (CMHC) under Canada's National Housing Strategy Program for the proposed development. This program aims to promote the construction of new affordable housing within communities. The Owner has indicated that Council approval of the BPIG grant will offer additional support to the CMHC application approval process and its potential for approval.

## Proposed Grant Details

As noted above, the BPIG promotes new multi-unit development (greater than six units) within the CIP area. The BPIG is a grant program through which registered property owners and/or assignees are eligible to receive a grant for the municipal portion of the tax increment generated from the improvements made to a building or property. The amount of the grant is based upon the incremental increase in the municipal taxes that results from the work being completed. The total amount of the grant provided will not exceed the value of the work that resulted in the reassessment.

The tax increment used for establishing the grant amount is calculated using the following formula:

- The Municipal Tax Portion of Realty Taxes After Redevelopment **minus** the Municipal Tax Portion of Realty Taxes Before Redevelopment

The payment schedule for all BPIG grants will be a 100% grant on the municipal portion of the incremental tax increase resulting from the development for a five-year period. The Town will collect the full amount of property taxes owed for each of the years of the program's applicability and will issue the BPIG grant to the approved applicant after the final tax bills for each year have been collected. In accordance with this program, if the tax bill is not paid in full, the Town will cancel all future grants and collect past grants made as part of this program.

The BPIG may be passed on to subsequent owners for the amount and time left in the original grant payback period. Subsequent owners may be required to enter into an agreement with the Town that outlines the details of the remaining grant amount, eligibility and financial obligations.

The tax increment will be established after the final inspection of the improvements in accordance with the Ontario Building Code and the Municipal Property Assessment Corporation (MPAC) has established a new assessment value.

The dollar value for the tax increment used in the first year of the grant will be used for all subsequent years. The grant amount will not take any base year market value change or overall tax rate change into account, meaning the grant is based on the increase in property assessed value as a direct result of the improvements made to the building or property.

To qualify for such a grant, the development must meet the policies and design guidelines of the CIP. The subject grant application has been reviewed/evaluated against the requirements of the CIP and Town Administration has no concerns. Accordingly, it is recommended that it be deemed eligible and approved in accordance with Section 11.3 (5) of the CIP.

## **Next Steps**

Upon Council approval, a letter from the Town to the Owner advising of Council's approval will represent a grant commitment. It should be noted that the CIP establishes that the Owner has a period of six months to start and one year to complete the project subject to the CIP application from the date of Council approval and that extensions can be considered on a case-by-case basis. Based on the scale of the proposed apartment building development, it is anticipated that a longer construction period of approximately two years will be required. Based on the foregoing, Administration recommends that the CIP construction timeline requirement be extended to two years for this development.

## **Consultations**

Financial Services

## **Financial Implications**

The CIP provides for Support Programs and Incentives that can total up to \$417,000 per calendar year commencing in 2016. This is the sum of annual maximum limits per individual incentive program category within the CIP. Actual incentives available will depend on approved budget funding.

The BPIG is not subject to the maximum \$100,000 grant limit since the BPIG program effectively provides a 100 percent reduction to the incremental increase of the municipal portion of property taxes for a five-year period of time, rather than an outright municipal financial contribution. Accordingly, there is no net impact to the CIP grant budget for the duration of the grant.

Based on estimated property valuation increases resulting from the proposed development, the annual municipal tax levy would increase by approximately \$150,000 per year. The BPIG grant

program provides that the grant amount is equivalent to the increase of the municipal portion of the tax levy in the first year and that the grant is fixed at this annual amount for five years. Based on the estimated valuation increase, the BPIG grant would equate to \$150,000 per year for five years, or \$750,000 in total. Following the five-year grant period, all municipal taxes levied would be retained by the municipality.

## Link to Strategic Priorities

Applicable	2019-22 Strategic Priorities
<input checked="" type="checkbox"/>	Make the Town of Tecumseh an even better place to live, work and invest through a shared vision for our residents and newcomers.
<input checked="" type="checkbox"/>	Ensure that Tecumseh's current and future growth is built upon the principles of sustainability and strategic decision-making.
<input type="checkbox"/>	Integrate the principles of health and wellness into all of Tecumseh's plans and priorities.
<input checked="" type="checkbox"/>	Steward the Town's "continuous improvement" approach to municipal service delivery to residents and businesses.
<input type="checkbox"/>	Demonstrate the Town's leadership role in the community by promoting good governance and community engagement, by bringing together organizations serving the Town and the region to pursue common goals.

## Communications

Not applicable

Website

Social Media

News Release

Local Newspaper

This report has been reviewed by Senior Administration as indicated below and recommended for submission by the Chief Administrative Officer.

Prepared by:

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Reviewed by:

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Reviewed by:

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Director Planning & Building Services

Recommended by:

Margaret Misk-Evans, MCIP, RPP  
Chief Administrative Officer

<b>Attachment Number</b>	<b>Attachment Name</b>
1	CIP Support Programs and Incentives Summary
2	Property Location in Relation to CIP Study Area
2A	Property Location, Detail View
3	Proposed Architectural Renderings