



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: May 11, 2021

Report Number: PBS-2021-23

Subject: Financial Incentive Program Grant Application
Tecumseh Road Main Street Community Improvement Plan
Demeter Developments Inc.
11941 Tecumseh Road
Building Property Improvement Grant Program
OUR FILE: D18 CIPFIP - CIP-06/21

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 11941 Tecumseh Road (Roll No. 374402000000700), **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 a four-storey, 38-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-2021-23;

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-2021-23.

Background

Proposed Residential Development

Over the past several months, Town Administration has been in detailed discussions with the Owner of the 0.43 hectare (1.06 acre) parcel of land situated on the south side of Tecumseh Road approximately 80 metres west of its intersection with Shawnee Road, (11941 Tecumseh Road), regarding the proposed redevelopment of the property for a four-storey, 38-unit apartment building. The property's redevelopment in this form would be consistent with the site specific Official Plan policies and Zoning By-law regulations that were introduced through amendments in 2017. The subject property is also located within the Tecumseh Road Main Street Community Improvement Plan (CIP) area (see Attachments 1A and 1B for location).

Site Plan Control approval is being requested concurrently with this CIP grant application by way of PBS-2021-21. Once the site plan is approved by Council, the Owner is proposing to commence construction of the aforementioned apartment building and associated parking, landscaping and on-site services (see Attachments 2 and 3).

CIP Application - Building and Property Improvement Grant Program (BPIG)

Based on the property being located within the CIP area, the Owner has submitted a Financial Incentive Program Grant Application seeking funding under the Building and Property Improvement Grant Program (BPIG), with respect to the proposed redevelopment of the subject property. The BPIG promotes the development of commercial, institutional, mixed-use buildings and multi-unit residential buildings (greater than six units) within the CIP area. The property tax relief of the BPIG is based upon the incremental increase in the municipal portion of property tax resulting from the redevelopment of a property.

In addition to the BPIG being sought, the Owner has also applied for approval a Development Charges Grant under the CIP in the amount of \$100,000 for the subject property as a grant-back towards the \$319,024 Development Charge fee owing to the Town. This grant amount represents the maximum one-time grant for any single property within the CIP area. The Development Charges Grant Program CIP application is also being brought forward for Council approval concurrently with the above-noted applications by way of PBS-2021-22.

It should be noted that the BPIG program being applied for 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.

As noted above, the BPIG promotes new multi-unit residential 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. This incremental increase is determined once the Municipal Property Assessment Corporation (MPAC) reassesses the property and provides an updated property

assessment value. 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.

As identified above, the tax increment will be established after the final inspection of the improvements in accordance with the Ontario Building Code and 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 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. It should be noted that this extension was also recommended to Council for the Development Charges grant that is also being applied for concurrently by way of PBS-2021-22.

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. As noted above, 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 \$29,452 per year. This estimate is based on the information currently available to Administration. The final tax levy may differ from the estimate based on the reassessment completed by MPAC. 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 approximately \$29,452 per year for five years, or approximately \$147,260 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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Reviewed by:

Brian Hillman, MA, MCIP, RPP
Director Planning & Building Services

Recommended by:

Margaret Misek-Evans, MCIP, RPP
Chief Administrative Officer

Attachment Number	Attachment Name
1A	Property Location in Relation to CIP Study Area
1B	Property Location, Detail View
2	Proposed Site Plan, Detail View
3	Architectural Rendering
4	CIP Support Programs and Incentives Summary