



**Subject: Olde Humberstone CIP TIG Application “The Spot”**

**To: Council**

**From: Office of the Chief Administrative Officer**

Report Number: 2023-234

Meeting Date: December 12, 2023

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### **Recommendation:**

That Chief Administrative Office Report 2023-234 be received; and

That the by-law attached as Appendix A to Chief Administrative Office Report 2023-234, being a by-law to authorize entering into an agreement with 2635450 Ontario Inc. regarding the Olde Humberstone Community Improvement Plan Financial Incentive Programs Property Tax Increment Grant, be approved.

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### **Purpose:**

The purpose of this report is to provide Council with a recommendation regarding the application for the Olde Humberstone CIP Financial Incentive Programs Tax Increment Grant (TIG) submitted by 2635450 Ontario Inc. for 225 Main Street West in Port Colborne, as depicted in Appendix A.

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### **Background:**

Since 2008, Council has adopted and implemented six Community Improvement Plans (CIPs) for various project areas throughout the City. 2635450 Ontario Inc. has applied for the Olde Humberstone CIP Financial Incentive Program Tax Increment-Based Grant for 225 Main Street West, under the terms of the Olde Humberstone CIP. The TIG is a three-year grant for 100% of the increase in municipal taxes that result from property rehabilitation and improvements. The grant payment is based on the actual post-project assessed value as determined by the Municipal Property Assessment Corporation (MPAC).

A condition of approving the application for tax assistance is that the owner is required to enter into an agreement with the City. The agreement requires that the applicant

develop the subject property in accordance with the City's objectives and required information in the CIP Program Guides.

While many of the programs contained in the various CIPs for the City can be approved through the authority delegated to staff, any application for tax assistance must go through Council for approval. The CIP Review Team has met and recommended that this application be brought forward to Council for approval.

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## **Discussion:**

The owner of 225 Main Street West Street has proposed a development to rehabilitate and renovate four apartments on the second floor of the property and add two new residential apartment units. The property currently generates \$1,721 in annual City property tax and \$1,227 in Niagara Regional property tax based on 2022 tax rates. Upon completion of the project the new estimated amount in City property tax is \$8,074.32 and Niagara Region tax is \$5,760.08 per year.

The addition of rental housing units to the City of Port Colborne in the Olde Humberstone area supports the goals of the CIP and City to increase housing stock, density, and walkability to local restaurants and shopping.

The agreement is comprehensive in terms of what is expected by the City from the owner to meet eligibility requirements for the tax increment grant. Some key provisions are as follows:

- The annual grant is based on actual post-project MPAC assessed value;
- City to be satisfied in its discretion that owner completed property improvements in accordance with the proposed plans;
- City to be satisfied with its review of all documentation submitted to support actual cost of works incurred by owner, including third party review if required by City at cost of owner;
- Payments are repayable by owner if City determines that conditions set out in the Application or Agreement have not been met;
- Grant may be reduced by amount of any tax arrears on the property;
- Specific preconditions for annual grant to be met to satisfaction of the City.

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## **Internal Consultations:**

The application and the agreement have been reviewed by the City's CIP Review Team comprised of staff from Building, Economic Development and Tourism Services, and Planning. The TIG calculations were supplied by Finance.

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## Financial Implications:

As per the agreement attached, Schedule B indicates that the TIG over a three-year period is estimated to be \$41,503.22. Current (2022) City taxes paid on the property are \$1,721 per year. There will be no net impact on the property tax levy in relation to the Tax Increment Grant (TIG) Program. The incremental portion of the tax increase is returned in the form of a grant upon the confirmation of the payment of taxes each year. Following the three-year period, the City will receive the full property tax value, estimated to be \$8,074.32 from the redeveloped property. The owner is responsible for the upfront costs of redevelopment and must pay for the increased taxes arising from the higher assessed value.

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## Strategic Plan Alignment:

The initiative contained within this report supports the following pillars of the strategic plan:

- Welcoming, Livable, Healthy Community
  - Increased Housing Options
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## Conclusion:

Staff recommends that Council approve the application by 2635450 Ontario Inc. for the City's Olde Humberstone CIP to assist with the development of the property and construction of a multi-unit residential building. If approved, the TIG would return 100% of the tax assessment increase for 3-years estimated to be \$41,503.22. As a condition of approval, the owner is required to enter into an agreement with the City that outlines obligations of the owner to satisfy the eligibility requirements of the City's CIP programs. Staff recommend Council endorse the agreement with 2635450 Ontario Inc. as these CIP programs will help facilitate the development of the property while adding housing stock and population into the Olde Humberstone Business district.

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## Appendices:

- a. By-law to Authorize Entering into an Agreement with 2635450 Ontario Inc. regarding Olde Humberstone Community Improvement Plan Financial Incentive Programs Property Tax Increment Grant

Respectfully submitted,

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### **Report Approval:**

All reports reviewed and approved by the Department Director and also the City Treasurer when relevant. Final review and approval by the Chief Administrative Officer.