



Subject: CIP Agreement – 176 Elm Street

To: Council

From: Office of the Chief Administrative Officer

Report Number: 2023-120

Meeting Date: July 18, 2023

Recommendation:

That Chief Administrative Office Report 2023-120 be received;

That Council approve the Downtown Central Business District Community Improvement Plan (CIP) Revitalization (Tax Increment) Grant agreement between the City of Port Colborne and Hometown Properties Inc., attached as Appendix A to Chief Administrative Office Report 2023-120; and

That a by-law to enter into an agreement with Hometown Properties Inc. be brought forward and approved.

Purpose:

The purpose of this report is to provide Council with a recommendation on the application made by Hometown Properties Inc., owner of 176 Elm Street in Port Colborne, under the Downtown Central Business District CIP Revitalization (Tax Increment) Grant.

Background:

Since 2008, Council has adopted and implemented six Community Improvement Plans (CIPs) for various project areas throughout the City. Hometown Properties Inc., owner of 176 Elm Street, has submitted an application for a TIG under the terms of the Downtown Central Business District CIP Revitalization (Tax Increment) Grant (TIG). The TIG is a ten (10) year grant for 80% 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 the TIG is that the owner is required by the City to enter into an agreement. As part of the agreement, the owner agrees to develop the subject property in accordance with the City's objectives and required information in the Program Guide for the CIPs. The application is for both the City and Region property tax portions. Approving this report will approve the City portion but the Niagara Region must still approve their portion. Should that be denied for any reason, the City would still pay the City portion and only be responsible for paying the City portion.

The owner of the property purchased a former church to convert into a minimum of 21 residential units (maximum 28). The redevelopment satisfies four Niagara Region Smart Growth principles including:

- Adding residential floors and residential units;
- Adding a new compatible use to a building;
- Conversion within a neighbourhood context featuring;
 - Safe and clearly demarcated pedestrian access to and within the site;
 - Building orientation and pedestrian access oriented toward the street;
 - Site and building access directly from the street without requiring passage across a driveway or parking area;
 - Street oriented building façade featuring fenestration and entranceways that create a sense of permeability and movement between the street and building interior;
 - Contribution to the quality of the public space on the street by the provision of space for public assembly; and
 - Street furniture, artworks and/or landscaping; and
- Adding multiple unit housing types to the housing stock.

While many of the programs contained within the various CIPs for the City can be approved by staff through delegated authority, any application for tax assistance must be approved by City Council.

Discussion:

The agreement is comprehensive in terms of what is expected by the City from the owner to meet eligibility requirements for the TIG. 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 pre-conditions for annual grant to be met to satisfaction of the City.
-

Internal Consultations:

The application and agreement have been reviewed by the City's CIP Review Team comprised of staff from Building, Economic Development, and Planning. Finance staff have also been consulted.

Financial Implications:

As per the agreement attached, Schedule B indicates that the Tax Increment Grant over a 10-year period is estimated to be \$906,656 (this includes City and Niagara Region portions). The City-only portion is estimated at \$529,161. These estimated figures are shown in Appendix C. Should the Niagara Region not approve their portion, the recipient will only receive the City portion of the tax grant.

The final amounts will be confirmed after the MPAC reassessment has been completed upon occupancy being granted. There will be no net impact on the property tax levy in relation to the Tax Increment Grant (TIG) Program as the grant will offset the future tax liability that will be calculated once the property is reassessed by MPAC.

As identified in Appendix C, the grant is fixed on the first year of reassessment. In each subsequent tax year, any change in property tax rates will apply to the property and accrue to the City. Following the 10-year period, the City will receive the full property tax value associated with the redeveloped property.

In the immediate term, using the estimate in Appendix C, property taxes received by the City for this property are forecasted to increase from \$6,145 to \$19,374 representing an increase of \$13,229 or 215%.

In this process the owner is responsible for all upfront costs of redevelopment and must pay for the increased taxes arising from the higher assessed value. The incremental portion of the tax increase is returned in the form of a rebate grant. This will show as a line item in future budgets and funded by the property taxes assessed and paid.

Strategic Plan Alignment:

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

- Attracting Business Investment and Tourists to Port Colborne

Conclusion:

Hometown Properties Inc., owner of 176 Elm Street, has submitted an application to the City's Downtown Central Business District Community Improvement Plan Revitalization (Tax Increment) Grant to assist with the improvements to their commercial property. 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 program. Staff are recommending Council approve the agreement to help facilitate the rehabilitation and redevelopment of property in the City's downtown and add rental units. This staff report and the agreement is regarding the City's portion of the Tax Increment Grant. Niagara Region's portion has not yet been approved and requires a separate process that City staff will initiate.

Appendices:

- a. Tax Increment Grant Agreement
- b. Draft By-law
- c. TIG Tax Amounts Estimate Template

Respectfully submitted,

Gary Long
Manager of Strategic Initiatives
(905) 835-2900 Ex. 502
Gary.Long@portcolborne.ca

Bram Cotton
Economic Development Officer
(905) 835-2900 Ex. 504
Bram.Cotton@portcolborne.ca

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.