



Subject: SouthPort Condos Inc. – CIP Agreement

To: Council

From: Chief Administrative Office

Report Number: 2021-162

Meeting Date: June 28, 2021

Recommendation:

That Chief Administrative Office Report 2021-162 be received;

That Council approve the Brownfield Community Improvement Plan – Downtown Central Business District Community Improvement Plan Agreement between the City of Port Colborne and SouthPort Condos Inc., attached as Appendix A to Chief Administrative Office Report 2021-162; and

That a by-law to enter into an agreement with SouthPort Condos Inc., be brought forward.

Purpose:

The purpose of this report is to provide Council with a recommendation for the application made by SouthPort Condos Inc. under the Brownfield Community Improvement Plan (BCIP) and Downtown Central Business District Community Improvement Plan (DCIP) for the redevelopment of 118 West Street. The applicant proposes to construct a nine-storey mixed use commercial and residential building.

Background:

Since 2008, Council has adopted and implemented six Community Improvement Plans (CIPs) for various project areas throughout the City. SouthPort Condos Inc. is applying under the Brownfield Community Improvement Plan (BCIP) for 118 West Street and is eligible based on previous industrial use (Allied Marine). An application was submitted by SouthPort Condos Inc. for the BCIP Tax Assistance Program (TAP) and the DCIP Revitalization Grant Program (RGP).

The intent of the BCIP Tax Assistance Program is to provide a financial incentive in the form of a freeze of municipal (City and Region) property taxes for up to three years and education property taxes for up to three years during and after the remediation and redevelopment of a brownfield property to help offset the costs of environmental remediation. The intent of the DCIP Revitalization Grant Program is to provide a financial incentive in the form of an annual grant for up to 10 years after the remediation and redevelopment of a brownfield property to help offset the cost of environmental remediation, rehabilitation, adaptive re-use and redevelopment.

A condition of approving the applications for a tax increment grant and tax assistance is that the Owner is required by the City to enter an agreement. As part of the agreement, the Owner agrees to rehabilitate and develop the subject property in accordance with the City's objectives and required information in the Program Guide for the CIPs.

Discussion:

While many of the programs contained within the various Community Improvement Plans for the City can be approved by the Director of Planning and Development through delegated authority, any application for tax assistance must go through Council for their information and approval.

SouthPort Condos Inc. is proposing to develop a nine-storey mixed use building containing seventy-three residential units in addition to ground floor commercial. The applicant has submitted a Phase Two Environmental Assessment that indicates the remediation that is required in order for the property to be used as proposed. A Record of Site Condition (RSC) will be filed with Province once the remediation is successfully completed prior to any construction occurring.

If approved for both programs, the annual grant available under the RGP will commence once the tax assistance under the TAP ends. Staff are recommending approval of the TAP. Staff will be bringing forward a future report for approval of the RGP. Staff will be in contact with the Niagara Region and the Province on the requested tax freeze.

The agreement is comprehensive in terms of what is expected by the City from the Owner to meet eligibility requirements for the tax assistance and grant. Furthermore, the agreement restricts the Owner from proceeding with the work without prior approval of City and restricts the Owner to the work set out in plans approved by City.

Some key provisions are as follows:

- the actual annual grant is based on actual post-project MPAC assessed value;
- RGP - City to be satisfied in its discretion that Owner completed rehabilitation in accordance with the proposed rehabilitation plans;
- TAP – 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;

- RGP and TAP payments are repayable by Owner if City determines that conditions set out in the Application or Agreement have not been met;
 - Annual RGP grant may be reduced by amount of any tax arrears on the Property;
 - Specific preconditions for annual RGP grant to be met to satisfaction of the City.
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Internal Consultations:

This agreement has been reviewed by Corporate Services, Planning, Legal, and Economic Development.

Financial Implications:

As per the agreement attached, Schedule B indicates that the Tax Increment Grant over a 10-year period is \$2,517,206. Schedule C indicates that eligible costs for the Brownfield Tax Assistance Program (TAP) is \$2,302,080. These figures may be revised as they are estimates from 2020. There will be no net impact on the property tax levy in relation to the TAP and the Revitalization (Tax Increment) Grant Program (RGP).

The TAP provides a financial incentive in the form of a freeze of municipal (City and Region) taxes. The total amount of the tax assistance provided will not exceed the total eligible project costs. Following the 10-year period, the City will receive the full property tax value associated with the redeveloped property. The developer is responsible for the 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 grant.

Conclusion:

SouthPort Condos Inc. have submitted an application to the City's Brownfield Community Improvement Plan and Downtown Central Business District Community Improvement Plan to assist with the redevelopment of 118 West Street. As a condition of approval, SouthPort Condos Inc. 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 are recommending Council endorse the agreement as these CIP programs will help facilitate the remediation and redevelopment of property in the City's downtown business district.

Appendices:

- a. Brownfield CIP - Downtown CIP Agreement – City of Port Colborne and SouthPort Condos Inc.

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 approval is by the Chief Administrative Officer.