



# Committee Report

<b>To:</b>	Warden Hicks and Members of Grey County Council
<b>Committee Date:</b>	August 11, 2022
<b>Subject / Report No:</b>	EDTC-CW-13-22
<b>Title:</b>	Tax Increment Equivalent Grant Agreement
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<b>Reviewed by:</b>	Kim Wingrove, CAO
<b>Lower Tier(s) Affected:</b>	All
<b>Status:</b>	

## Recommendation

1. That report EDTC-CW-13-22 Tax Increment Equivalent Grant (TIEG) Agreement be received; and
2. That a by-law be brought forward to enter into an agreement with the Town of Hanover to participate in the Town's Tax Increment Equivalent Grant; and
3. That delegated authority to enter into future TIEG agreements with the member municipalities in Grey County be considered in a future update to the Delegation of Duties by-law.

## Executive Summary

As approved through report PDR-CW-30-19, the Grey County Community Improvement Plan (CIP) Program is meant to enable and boost development momentum across the region and enhance the regional ecosystem from the ground up, which is where investment happens. The intent of this program is to offer targeted incentives countywide through the adoption of local municipal CIP's including within settlement areas as well as in our rural areas. One of the most complex and impactful grants available through the program is the Tax Increment Equivalent Grant (TIEG). The first Municipal request for County participation is presented through this report.

## Background and Discussion

Financial support is provided to local municipalities to assist with the various incentives adopted through their local Community Improvement Plan (CIP). The CIP can include financial support for grant programs, as well as other incentives, including participating in tax incentives, providing surplus land, and reducing or waiving application fees/development charges.

The CIP program is meant to boost development momentum across the region. The program offers targeted incentives across Grey County, both within settlement areas as well as in our rural areas.

Along with facilitating the revitalization and improvement of the entire County, the CIP program provides a menu of incentives to promote and support the following types of priority development and revitalization projects:

- Increase attainable housing stock, including secondary suites, multi-unit housing, purpose-built rental housing, rooming house developments, and apartment dormitory style developments;
- Increase value-added agricultural uses, agri-tourism, and facility improvement projects;
- Promotion of the redevelopment and/or conversion of brownfield, vacant, and grey field properties;
- Support for downtown revitalization of storefronts, publicly-used frontages, and streetscapes;
- Support the adaptive re-use of commercial, industrial, and institutional buildings.

## Tax Increment Equivalent Grant (TIEG)

The TIEG is one of the most significant incentives available through the CIP Program. It is meant to stimulate major investment by deferring part of the increase in property taxation because of a redevelopment or rehabilitation project.

The participating municipality receives a grant to pay a portion of the Municipal taxes attributed to the increased assessment over a period of up to 10 years. The incentive phases in tax increases relating to re-assessments resulting from property improvements. The benefit of this program is that it assists in reducing the significant upfront costs associated with a major development. The Hanover TIEG specifically supports the creation of new attainable housing stock.

For a TIEG, County participation is enabled via an agreement with the member municipality. The member municipality enters into an agreement with the developer. It is only after the member municipality is satisfied with full payment of taxes that they return the agreed upon portion of those taxes to the developer. Once that is done the County will be invoiced to pay a grant to the member municipality for the county portion of the taxes paid. The education portion is not included in this program.

## First Municipal TIEG

The Town of Hanover, through approval of report ED-07-22 has begun the process of approving the first TIEG of the CIP program. Two, 6-storey, 71-unit multi-residential buildings are proposed at 651 23<sup>rd</sup> Avenue, supporting the first priority of the program, to increase attainable housing stock, including purpose-built rental housing in an apartment-style development. A total of 142 units are proposed through this development. With stackable incentives permitted through the CIP Program, this property is also being considered for conditional DC exception.

The Town of Hanover TIEG’s Program is structured as a five-year period with descaling increments to a maximum 50% of the total eligible costs of the improvements or a maximum grant as determined by Town Council.

The applicant has confirmed that \$60,000,000 will be invested at 651 23<sup>rd</sup> Avenue in Hanover to create 142 units over two phases. They are requesting a TIEG to a maximum of \$525,000 per building, each over a 5-year period. The County portion is estimated at \$216,000, each over a 5-year period.

To trigger the agreement, Hanover will provide formal written notice of their request for County participation in the TIEG application.

## Legal and Legislated Requirements

Section 28 of the Planning Act authorizes lower-tier municipalities to enact CIPs. Where a lower-tier municipality has a CIP in effect, subsection 28(7.2) provides that an upper-tier municipality may make grants or loans to the lower-tier municipality for the purpose of carrying out the CIP.

Section 9.16 of the County’s Official Plan contains the following text: “*The County may provide grants, loans, or other assistance as County Council deems appropriate for the purposes of carrying programs as described in local municipal Community Improvement Plans.*”

Subsection 28(7.3) limits the amount of any grant or loan made in terms of a specific property to the amount of the eligible costs of the CIP with respect to that property.

Subsection 28(7) provides that eligible costs for which loans or grants may be made by the lower-tier to landowners can include “*environmental site assessment, environmental remediation, development, redevelopment, construction and reconstruction of lands and buildings for rehabilitation purposes or for the provision of energy efficient uses, buildings, structures, works, improvements or facilities*”, and it applies a similar restriction on grants and loans made from upper-tier municipalities to lower-tier municipalities under subsection 28(7.2).

## Financial and Resource Implications

The Town of Hanover has provided the following estimates of the County’s cost share over the 5 years of this program.

2024	1	100%	\$51,473.49
2025	2	90%	\$47,252.66
2026	3	80%	\$42,842.42
2027	4	70%	\$38,236.85
2028	5	Approx 65%	\$36,215.76
		Estimated TOTAL	\$ 216,021.18 per building (\$432,042.36 for 2 buildings)

Under the agreement, the Town of Hanover will provide a statement as proof the taxes have been fully paid and will invoice for the County portion. The participation shown above is an estimate and will change based on the assessed value and annually based upon tax rates. Amounts will be included in the budget once the development hits the tax roll.

## Relevant Consultation

- Internal – Clerks Department, Finance Department
- External – Town of Hanover

## Appendices and Attachments

None.