

**Subject: Downtown Windsor Enhancement Strategy and Community Improvement Plan Grant Applications made by SIND Investments Ltd for 0 Victoria Avenue, Plan 81 Lot 11 to Lot 15; 201.5x187.91FLx105 Corner; 20398.00SF 200.00FR, Ward 3**

**Reference:**

Date to Council: 5/14/2018  
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Planner III - Special Projects  
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Planning & Building Services  
Report Date: 4/25/2018  
Clerk's File #: SPL/10759

**To:** Mayor and Members of City Council

**Recommendation:**

- I. THAT the request made by SIND Investments Ltd (owner) for the proposed development at 0 Victoria to participate in:
  - a. the Building/Property Improvement Tax Increment Grant Program **BE APPROVED** for 100% of the municipal portion of the tax increment resulting from the proposed development for up to five (5) years pursuant to the Downtown Windsor Enhancement Strategy and Community Improvement Plan;
  - b. the Building/Property Improvement Tax Increment Grant Program as a Catalyst Project **BE APPROVED** for 100% of the municipal portion of the tax increment resulting from the proposed development for an additional five (5) years pursuant to the Downtown Windsor Enhancement Strategy and Community Improvement Plan, subject to the project meeting the Catalyst Project definition contained within the Downtown Windsor Enhancement Strategy and Community Improvement Plan to the satisfaction of the City Planner;
  - c. the New Residential Development Grant Program **BE APPROVED** for \$50,000 towards eligible costs pursuant to the Downtown Windsor Enhancement Strategy and Community Improvement Plan;
  - d. the Retail Investment Grant Program **BE APPROVED** for a 50% matching grant to a maximum of \$15,000 per retail unit, to a maximum of two retail units, towards eligible costs pursuant to the Downtown Windsor Enhancement Strategy and Community Improvement Plan;

- II. THAT Administration **BE DIRECTED** to prepare the agreements between the City and SIND Investments Ltd (Owner) to implement the Building/Property Improvement Tax Increment Grant Program; New Residential Development Grant Program and Retail Investment Grant Program in accordance with all applicable policies, requirements, and provisions contained within the Downtown Windsor Enhancement Strategy and Community Improvement Plan to the satisfaction of the City Planner as to content, the City Solicitor as to legal form, and the CFO/City Treasurer as to financial implications.
- III. THAT the CAO and City Clerk **BE AUTHORIZED** to sign the Grant Agreements.
- IV. THAT the owner **BE REQUIRED** to submit an Urban Design Study as part of Site Plan Control application for the proposed development at 0 Victoria Avenue.

### **Executive Summary:**

N/A

### **Background:**

The Downtown Windsor Enhancement Strategy and Community Improvement Plan (Downtown CIP) was adopted by City Council on September 29, 2017 and an adopting by-law was passed by City Council on October 16, 2017.

The Downtown CIP provides financial incentives to encourage new residential development, retail investment, facade improvements, and building/property improvements.

The subject property is located at the north west corner of Victoria Avenue and Park Street and is currently used as a surface parking lot (see Appendix A). The applicant is proposing a new 120 unit residential apartment building with ground floor commercial units and underground parking at 0 Victoria.

### **Discussion:**

#### **Building/Property Improvement Tax Increment Grant Program**

This program is intended to provide economic incentive for the development, rehabilitation and redevelopment of properties in Downtown Windsor. The program provides an annual grant equal to 100% of the increase in municipal property taxes for five (5) years, with the possibility of an extension up to a total of ten (10) years, after the project is completed and reassessed to help offset the costs of rehabilitating and redeveloping properties, as long as such development results in an increase in assessment and therefore an increase in property taxes.

The proposed improvements to the building will increase the assessed value and therefore increase municipal taxes. This project qualifies for the Building/Property Improvement Tax Increment Grant and the Financial Matters section of this report discusses the estimated grant amount.

## **Catalyst Project Review**

Council, at its sole discretion, may approve an additional five year extension for the Building/Property Tax Increment Grant Program if a proposed project meets the definition of a “catalyst project” as defined in the Downtown CIP. The applicant must meet three of the seven criteria in the catalyst project definition. The applicant meets the following three criteria:

- Represents visible investment of at least \$5 million or more;
- Will result in a significant increase in land value that results in increased municipal assessment of 20% or more;
- Creates 100 or more new residential units within the CIP Project Area;
- Meets three or more of the stated CIP objectives of this CIP:
  - o Increase the number of people choosing to live in downtown Windsor by supporting the creation of range of desirable residential units and the amenities necessary to support day-to-day living in the downtown core;
  - o Encourage property improvements that contribute to a vibrant and healthy downtown core and authentic sense of place;
  - o Facilitate the development the downtown’s vacant buildings and land that have the potential for higher order uses; and,
  - o Support investment and development that results in an increase in property assessment and grows the municipal tax base over the long-term.

Staff recommend the project be considered a catalyst project and therefore receive a five year extension on the Building/Property Tax Increment Grant Program. Upon project completion staff will confirm the project meets the above criteria.

## **New Residential Development Grant Program**

The New Residential Development Grant Program is intended to provide an incentive to stimulate residential development within Downtown Windsor. The program will consist of a grant whereby property owners will be eligible to receive a grant to \$2,500 for every new residential unit, up to a maximum of \$50,000 per property.

The owner proposes 120 new residential units; therefore the project qualifies for the maximum grant of \$50,000 towards eligible costs.

## **Retail Investment Grant Program**

This program aims to encourage businesses and property owners to invest in tenant and building improvements by offering 50% matching grants up to \$15,000, per new or revitalized retail unit (maximum \$30,000 per property/project) to assist with the capital costs associated with renovating the interior of retail spaces occupied by retail

businesses. The applicant proposes two (2) or three (3) commercial/retail units on the ground floor.

Staff recommend approval of the matching grant for this property towards eligible costs at a maximum of \$15,000 per retail unit (maximum \$30,000), provided it meets the provisions of the Downtown Windsor Enhancement Strategy and Community Improvement Plan. Not knowing the tenants or the exact configuration of the ground floor retail units is not a significant risk since the grant is paid once the project is completed and will be adjusted based on what is ultimately constructed.

### **Site Plan Control**

The subject development will be required to proceed through the Site Plan Control process, and will require Council approval as it is within the Downtown Windsor Business Improvement Association boundary. The applicant is currently in the design phase for the subject development and is seeking Council support regarding incentives at this time. At this time the applicant does not have detailed architectural drawings or renderings of the proposed development. Considering the large scale of a development this size and being adjacent to three properties listed on the Municipal Heritage Register, staff recommend that an Urban Design Study be required through the Site Plan Control process to ensure the proposed development is designed to be compatible with the existing downtown context.

### **Risk Analysis:**

There is low risk associated with the approval of the subject Downtown CIP grant applications. An agreement between the City and applicant will be prepared to ensure the program requirements and provisions of the Downtown Windsor Enhancement Strategy and Community Improvement are met.

### **Financial Matters:**

As mentioned in the discussion section of the report the proposed development is eligible for:

- Matching grant of fifty percent (50%) of the eligible costs associated with interior work of retail spaces up to a maximum of \$15,000, for a maximum of two retail units.
- \$2,500 towards eligible costs for the creation of each new residential unit, to a maximum of \$50,000.

If approved, the funds would come from the City Centre Community Development Planning Fund (Project #7011022) in the maximum amount of \$80,000. The uncommitted balance in this fund is \$693,000.

The grant that would result from the Building/Property Improvement Tax Increment Grant is an estimated \$927,035 for the first five (5) years plus \$927,035 for an additional five (5) years. The estimated value of the grant represents 100% of the increase in the municipal portion of property taxes for a period of 10 years. The Downtown CIP stipulates that the grant cannot be more than the eligible costs. The estimated total tax

increment grant of \$1,854,073, plus the \$80,000 grant represents approximately 5.8% of the estimated construction costs (i.e. does not include land costs) for this project.

<b>Estimate Property/Building Improvement Tax Increment Grant Calculation -0 Victoria Avenue</b>			
Year of Grant	Pre Development Municipal Taxes	Post Development Municipal Taxes	Estimate Value of Grant
1	\$6,027	\$191,434	\$185,407
2	\$6,027	\$191,434	\$185,407
3	\$6,027	\$191,434	\$185,407
4	\$6,027	\$191,434	\$185,407
5	\$6,027	\$191,434	\$185,407
Sub-Total Years 1-5			\$927,035
6	\$6,027	\$191,434	\$185,407
7	\$6,027	\$191,434	\$185,407
8	\$6,027	\$191,434	\$185,407
9	\$6,027	\$191,434	\$185,407
10	\$6,027	\$191,434	\$185,407
Sub-Total Year 5-10			\$927,035
		Total Grant Estimate	\$1,854,073

#### Assumptions

Current Property Value Assessment	\$357,000
Current Municipal Tax Levy (Commercial - Vacant Land - Parking Lot)	\$6,027
Municipal Commercial - Vacant Land - Parking Lot Tax Rate	0.0168816
Estimated Eligible Investment Costs	\$32,996,816
Estimate Post Development Property Assessment (Commercial)	\$1,163,000
Estimate Post Development Property Assessment (Multi-Res)	\$9,183,000
Estimate Post Development Municipal Taxes	\$191,434

Municipal New Multi Residential Taxable Full

0.01660153

Municipal Commercial New Construction Taxable Full

0.03351849

Because the Grant Program does not cancel taxes, the applicant must pay the full amount of property taxes annually and will subsequently receive a grant for the difference between the pre and post-development municipal taxes. The City will retain the amount of pre-development (base) municipal taxes throughout the lifespan of the grant program; however will be foregoing any incremental property taxes which could otherwise be used to offset future budget pressures.

### **Consultations:**

The Downtown CIP was subject to stakeholder and public consultation as part of the approval process, including public meets, a statutory public meeting and circulation among internal City staff and the Province.

Planning staff have consulted with the applicant prior to accepting the application. Staff from the Planning and Building Division were consulted in the preparation of this report. Additionally, the following staff were consulted in the preparation of this report:

Janice Guthrie, Deputy Treasurer

Don Nantais, Financial Planning Admin.

Kate Tracey, Legal Counsel

### **Conclusion:**

Staff recommends that the application for the Retail Investment Grant Program, New Residential Development Grant Program and Building/Property Improvement Tax Increment Grant Program be approved.

### **Planning Act Matters:**

N/A

### **Approvals:**

<b>Name</b>	<b>Title</b>
Neil Robertson	Manager of Urban Design
Thom Hunt	City Planner/Executive Director of Planning and Building Services
Wira Vendrasco	Deputy City Solicitor
Shelby Askin Hager	City Solicitor
Don Nantais	Financial Planning Admin.
Joe Mancina	Chief Financial Officer/City Treasurer

<b>Name</b>	<b>Title</b>
Jelena Payne acting for Onorio Colucci	Chief Administrative Officer

**Notifications:**

<b>Name</b>	<b>Address</b>	<b>Email</b>
Shelley Gould		
Mr. Parkash Ramchandani		

**Appendices:**

- 1 Appendix A - Location Map