

TO: GENERAL COMMITTEE

SUBJECT: 218 BAYFIELD STREET - GRANT APPLICATIONS
DOWNTOWN: NEXT WAVE COMMUNITY IMPROVEMENT
PLAN (WARD 2)

**PREPARED BY AND
KEY CONTACT:** K. BRISLIN, SENIOR POLICY PLANNER
EXT. #4440

SUBMITTED BY: S. NAYLOR, MES, M.C.I.P., R.P.P., DIRECTOR OF PLANNING *Stella Naylor*

**GENERAL MANAGER
APPROVAL:** R. FORWARD, MBA, M.Sc., P. ENG., GENERAL MANAGER
OF INFRASTRUCTURE, DEVELOPMENT & CULTURE *R. Forward*

**CHIEF ADMINISTRATIVE
OFFICER APPROVAL:** C. LADD, CHIEF ADMINISTRATIVE OFFICER *C. Ladd*

RECOMMENDED MOTION

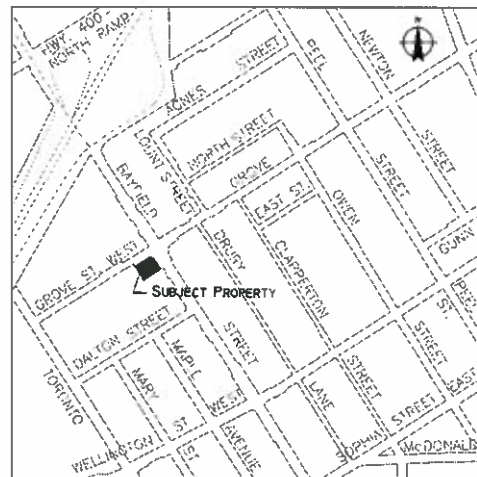
1. That the following grants be approved for 218 Bayfield Street subject to confirmation that the eligibility requirements can be met and further that the grants be subject to the program details and standard conditions of the applicable grant programs in the Downtown: Next Wave Community Improvement Plan (CIP):
 - a) Building Permit Fees Grant in the amount of \$2,636.82;
 - b) Planning Application Fees Grant in the amount of \$4,800;
 - c) Tax Increment Based Grant not exceeding a total amount of \$20,513 payable over the 5 year period in accordance with the program details. Further that should the use of additional available space in the building be used for uses that require additional parking, the required cash in lieu payment for parking may be deducted from the Tax Increment Based Grant payments due.

PURPOSE & BACKGROUND

2. The purpose of this staff report is to recommend approval of a grant application, including a Tax Increment Based Grant for 218 Bayfield Street, which is located within the Downtown: Next Wave CIP Area (Ward 2).

Location

3. The property at 218 Bayfield Street is located in the City Centre planning area, and is within the Downtown CIP. Refer to location key map.
4. The development at 218 Bayfield Street constitutes a 2 storey 465.22m² (5007ft²) chiropractic office/wellness centre which has been constructed on a previously vacant site with an area of 0.14ha (0.36 acres).



5. The new development will bring approximately 8 jobs to the downtown.
6. The building was completed and occupied in the fall of 2011. Photographs showing the site before and after development are provided in Appendix "A" attached.
7. The estimated construction value is \$1,120,000, with \$10,574.28 charged for building permit fees. The development benefited from development charges exemptions in effect at the time the building permit was issued.
8. When the application for the financial incentives was submitted, it was assumed that the total grant amount would exceed \$100,000, thus requiring Council approval subject to funding availability. However, upon review of the completed project, the total grant amount is estimated to be under \$100,000. Since this application was not contemplated within the 2012 budget projected for applications under \$100,000 that are approved under delegated approval authority, the subject application requires Council consideration.
9. The detailed breakdown of the estimated grant payments of the development is provided below:

218 Bayfield Street

Grant	Calculation	Estimated Amount	Estimated Payment Date (If Approved)
<u>Application Fees</u>			
Building Permit Fees	25% of total fee \$10,547.28	\$2,636.82	Q3 2012
Site Plan Application including pre-consultation	100% of fee	\$4,800.00	Q3 2012
Total		\$7,436.82	Q3 2012
<u>Tax Increment Based Grant</u>			
The tax increment is estimated at \$5861.00. This is the increase in annual municipal taxes as a result of the development. Assuming that this meets the required assessment increase of \$100,000.00.	Year1 (100% pro-rated from the first date of payment of increased taxes)	\$5,861.00	Q4 2012
	Year 2 100%	\$5,861.00	Q4 2013
	Year 3 75%	\$4,396.00	Q4 2014
	Year 4 50%	\$2,930.00	Q4 2015
	Year 5 25%	\$1,465.00	Q4 2016
Total Tax Increment Based Grant		\$20,513.00	
Total Grants (rounded up)		\$27,949.82	

Existing Policy

10. The application is within the Bayfield/Grove Street Primary Intensification Node and along the Bayfield Street primary intensification corridor which calls for densities of 50 to 120 units per hectare. Since this is a non-residential development, the density calculation would be based on the estimated number of jobs per hectare.

11. The following objectives of the Downtown: Next Wave CIP directly apply to the applications:
 - To strengthen the vitality of the downtown by providing for diversity of commercial, residential and cultural uses.
 - To reinforce the role of the downtown as providing the amenities associated with a premiere regional urban centre.
 - To provide employment opportunities in the downtown.
12. The following review provides an assessment of the merits of the application in terms of the objectives and criteria of the Downtown: Next Wave Community Improvement Plan (CIP).

ANALYSIS

13. The subject development provides for professional healthcare services and brings 8 jobs and additional healthcare related services to the downtown.
14. The site was previously vacant and the resultant change in density is from 0 persons and jobs per hectare to 57 persons and jobs per hectare, which is within the density range provided for in the Official Plan.
15. While the building has been constructed to accommodate additional office space, which would further increase the density on the site, the applicant advised that it was their intention to use this additional space for filing and storage. On this basis, additional parking and cash in lieu of parking were not required at the time of site plan review. It is however noted that should the developer use the additional space for office use in the future, cash in lieu of parking will be required to address any parking shortfall.
16. The building design has received site plan approval, and is sympathetic to the scale and form of the surrounding context, and constitutes an enhancement to the downtown via Bayfield Street which is a key entranceway to the downtown.
17. Based on the building permit, the construction value of 218 Bayfield Street was estimated at \$1,120,000.00.
18. Building permit and planning application fees collected for the project were in the order of \$10,547.28 and \$4,800.00 respectively. The estimated grant amounts for these application fees is approximately \$7,436.82.
19. Development charges were not received for the development which benefited from the Development charge exemption in effect at the time of issuance of the building permit.
20. The property assessment was \$225,000.00 in 2011, and taxes were \$2,526.06. The change in property assessment cannot be determined at this time, however, assuming a tax rate of \$1.91 per square foot, the municipal tax increment after the project is completed is estimated at \$5,861.00.
21. One of the eligibility criteria for the Tax Increment Based Grant program is that the development shall result in an assessment increase of at least \$100,000. The Municipal Property Assessment Corporation (MPAC) property assessment is anticipated to occur up to two years after the project is completed. However, all grants are subject to the program details and conditional upon confirmation that eligibility requirements are satisfied. In this regard, if approved, the Tax Increment Based Grant

- would be subject to confirmation that the assessment increase, as a result of this development, is at least \$100,000.
22. If approved, the total grant amount to be paid over the next 7 to 8 years (assuming 2 years before the MPAC re-assessment occurs) for this project is estimated to be under \$28,000.00. Once full taxes are recovered for this development, it is estimated that it will take five years to recover the total \$28,000 investment, based on the estimated increment of \$5,861.00.
 23. The Tax Increment Based Grant is "in effect" a deferral of collection of the total tax increase resulting from the development for a period of 5 years from the year the increase is in effect. However, the program is structured so that the grant is paid after the full annual taxes are paid each year by the applicant. As such, it can be considered to be a phasing in to full payment of the taxes in increasing increments of 25% over the period of the payment of the grant is in effect, after which time full taxes will be recovered.
 24. The longer term financial benefit after the 5 year term of the Tax Increment Based Grant will be an estimated increase in annual municipal taxes of \$5,861.00 for 218 Bayfield Street. We would also be receiving a percentage of the tax increment in the intervening years 3-5.
 25. As noted, prior to the developments, 218 Bayfield Street was vacant. The municipal servicing costs of this development have also likely increased, however, the difference is considered marginal, whereas the taxes will have increased.
 26. Two additional financial incentive applications are before General Committee, each being considered on their individual merits in the respective staff reports PLN001-12 and PLN019-12. A separate memorandum has been prepared providing an overview of the combined effect of the applications.
 27. The foregoing analysis provides an overview of the merits and financial considerations related to this application.
 28. In addition, staff are working on process improvements to the CIP review and evaluation processes which will include timeframes to receive applications, establishing review criteria in line with CIP goals, and timing of when applications are presented to Council. Staff will be advising Council of these process improvements in the 3rd Quarter.

ENVIRONMENTAL MATTERS

29. There are no environmental matters related to the recommendation.

ALTERNATIVES

30. There are two alternatives presented for consideration by General Committee:

Alternative #1 General Committee could deny the application.

This alternative is not recommended as this development can serve as an example that furthers the objectives of the Downtown Next Wave CIP.

Alternative #2

General Committee could approve components of the application and direct funds already budgeted to be used for the application.

In this regard, if the building permit and planning application fees totalling \$7,436.82 were approved for 218 Bayfield Street, and the Tax Increment Based Grant denied, the total payout would be a one-time payout of \$7,436.82 which could be covered under funds already approved in the 2012 budget.

This alternative would reduce the 2012 budgeted funds available for grants and loans approved under delegated approval, however, serves as an example that furthers to objectives of the Downtown Next Wave CIP.

FINANCIAL

31. The funding for the Building Permit Fees Grant (\$2,636.82) and the Planning Fees Grant (\$4,800) were included as part of the 2012 Business Plan.
32. There is sufficient funding in the CIP Reserves (13-04-0432 & 13-04-0433) to fund the Tax Increment Based Grant in the amount of \$5,861 for 2012. With respect to the future Tax Increment Grants, staff will include these commitments in the respective annual Business Plan (2013 - \$5,861, 2014 - \$4,396, 2015 - \$2,930, & 2016 - \$1,465).

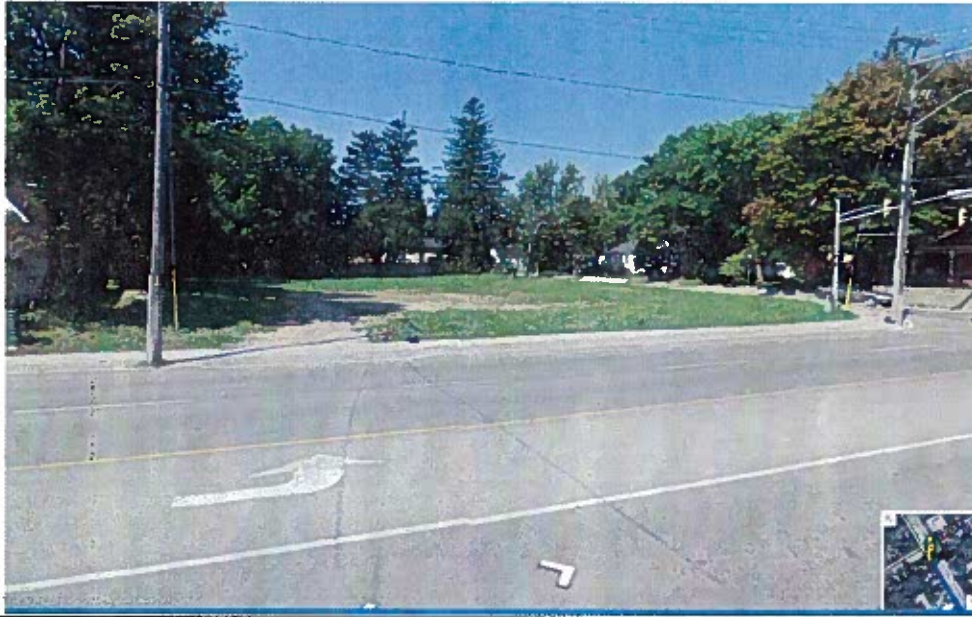
LINKAGE TO 2010-2014 COUNCIL STRATEGIC PLAN

33. The recommendations included in this staff report support the following goals identified in the 2010-2014 City Council Strategic Plan:
 - Direct and Manage Economic Development
 - Create a Vibrant and Healthy City Centre
34. The project advances intensification objectives within the planned density ranges proposed in two intensification areas, being the Urban Growth Centre and a Primary Corridor.
35. The project results in an estimated 8 additional jobs in the downtown at suitable densities, thus addition to creating a vibrant and healthy downtown, in addition to adding to the mix of uses in the downtown.

Attachment: Appendix "A" – Photographs Before and After

APPENDIX "A"

Grant Application 218 Bayfield Street



Before: Looking West from Bayfield Street

(Source: Google Maps Streetview looking west from Bayfield Street (Copied April 17, 2012))



Under construction: - Looking west from Bayfield Street (source applicant)

After: Under construction. Looking south from Grove Street (source Applicant)

