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**TO:** GENERAL COMMITTEE

**SUBJECT:** 81 MULCASTER STREET - GRANT APPLICATIONS  
DOWNTOWN: NEXT WAVE COMMUNITY IMPROVEMENT PLAN  
(WARD 2)

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

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

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

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

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**RECOMMENDED MOTION**

1. That the following grants be approved for 81 Mulcaster Street subject to confirmation that the eligibility requirements have been satisfied, 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:
  - a) Building Permit Fees Grant in the amount of \$20,258.88;
  - b) Planning Application Fees Grant in the amount of \$2,468;
  - c) Tax Increment Based Grant not exceeding an amount of \$200,550 payable over the 5 year period in accordance with the program details.

**PURPOSE & BACKGROUND**

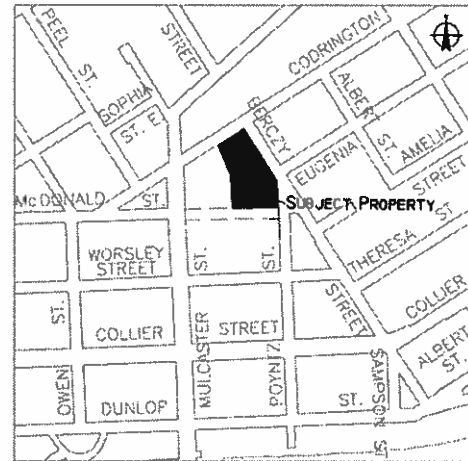
2. The purpose of this staff report is to recommend approval of grant applications, including the Tax Increment Based Grant for a development within the Downtown: Next Wave CIP area, located at 81 Mulcaster Street (Ward 2).
3. The total grant application at 81 Mulcaster Street is expected to exceed \$100,000 and thus requires Council consideration.

**Location**

4. 81 Mulcaster Street is located in the City Centre Planning area, and is within the Downtown: Next Wave CIP. Refer to the key map below.

Surrounding Uses 81 Mulcaster Street

- North – Single, semi detached and duplex units
- South – Courthouse zoned I-1
- West – Parking associated with provincial offices
- East – Private Club and Residential including lands zoned for multi unit and single detached residential



Description

5. The development at 81 Mulcaster Street is currently under construction and constitutes a 2 storey, 4428.3m<sup>2</sup> (44,665ft<sup>2</sup>) addition to an existing 3,063m<sup>2</sup> (32,969ft<sup>2</sup>) office building.
6. The applicant has been awarded a contract to provide the Federal Minister of Public Works and Government Services professional office space for a 15 year lease term. The proposed addition will create space for approximately 84 additional permanent jobs.
7. The existing property has an area of approximately 0.88ha (2.17acres). The existing office space accommodates approximately 71 jobs, and with the addition the building will accommodate approximately 155 jobs resulting in 84 additional jobs.
8. The estimated construction value is \$3.1Million. Building permit fees are approximately \$53,017.75. Development charges were not collected for the subject property which was exempt from development charges at the time of issuance of the building permit.
9. A summary of the grant estimates applied is provided in the following table:

Grant	Calculation	Estimated Amount	Estimated Payment Date (If Approved)
<b>Application Fees</b>			
Building Permit Fees	Total Fee \$53,017.75 (25% first 25,000.00 = \$6,250, 50% remainder 28,017.75= \$14,008.88)	\$20,258.88	December 2012
Site Plan Application	100 % of fee	\$2,468.00	December 2012
<b>Total</b>		<b>\$22,726.88</b>	<b>December 2012</b>
<b>Tax Increment Based Grant</b>			
The tax increment is estimated at 57,300.34 This is the increase in annual municipal taxes as a result of the development.	Year1 (100% pro-rated)	\$57,300.00	Q4 2012
	Year 2 100%	\$57,300.00	Q4 2013
	Year 3 75%	\$42,975.00	Q4 2014
	Year 4 50%	\$28,650.00	Q4 2015
	Year 5 25%	\$14,325.00	Q4 2016
<b>Total</b>		<b>\$200,550.00</b>	
<b>Total Grants</b>		<b>\$223,272.00</b>	

Existing Policy

10. 81 Mulcaster Street is within the Urban Growth Centre which has proposed densities of 150 persons and jobs per hectare as shown on "Schedule I: Intensification Areas" to the Official Plan.
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.

**ANALYSIS**

12. The project constitutes intensified development within the Urban Growth Centre.
13. The addition will result in a change in density on the subject property from 79.5 persons/jobs per hectare to 176 persons/jobs per hectare, which helps the municipality toward achieving the minimum gross density of 150 persons/jobs per hectare.
14. The project will accommodate an additional 84 professional jobs in the downtown for a 15 year lease term, with the new office space remaining available over the long term future.
15. The site is located within walking distance of retail, commercial, service and institutional uses available in the downtown.
16. The developer has contracted for a completion date, with occupancy expected in the fall of 2012.
17. Based on the building permit, the construction value for 81 Mulcaster Street is estimated at \$3.1million.
18. Building permit and planning application fees collected for the project were in the order of \$53,017 and \$2,468 respectively. The estimated grant amounts for these application fees is approximately \$22,726.
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 in 2011 was \$3.36 Million, and the applicant estimates the property value after improvement will be approximately \$8 Million. The property assessment will be confirmed after the addition is complete and occupied. The Municipal Property Assessment Corporation (MPAC) assessment typically occurs approximately two years after occupancy.
21. The taxes in 2011 were \$99,839.38. The tax increment on the municipal portion of the taxes after the project is completed and re-assessed by MPAC is estimated at an additional \$57,300 based on the 2011 tax rate. The MPAC Assessment usually occurs 2 years after the project is completed and occupied.
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 at \$223,300. Once full taxes are recovered for this development, it is estimated that it will take under four years to recover the total \$223,300 investment based on the increment of \$57,300 per year.

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 portion 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. As noted, prior to the development, 81 Mulcaster Street was less intensively developed. Although it is recognized that the municipal servicing costs of this development will also likely increase, the increased costs to the municipality are considered marginal, whereas the tax benefits will constitute a substantial increase.
25. Two additional financial incentive applications are before General Committee, each being considered on their individual merits in the respective staff reports PLN001-12 and PLN002-12. A separate memorandum has been prepared providing an overview of the combined effect of the applications.
26. The foregoing analysis provides an overview of the merits and financial considerations related to this application.
27. 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 3<sup>rd</sup> Quarter.

#### **ENVIRONMENTAL MATTERS**

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

#### **ALTERNATIVES**

29. 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 proposal can serve as a showcase example that contributes to the City's objectives of creating a healthy vibrant downtown, supporting intensified development, and attracting jobs to the downtown.

##### **Alternative #2**

General Committee could approve the application fee components of the application in order to reduce the total amount funded.

In this regard, a one-time payment of \$22,726.88 would be made at the end of 2012 or early in 2013, compared with a total payment of \$223,272 to be paid over the next 7 to 8 years in decreasing increments.

This is not the preferred alternative as this project represents a potential showcase development which contributes to creating additional jobs in the downtown, offering spin off benefits to support downtown revitalization.

#### **FINANCIAL**

30. The funding for the Building Permit Fees Grant (\$ 20,258.88) and the Planning Fees Grant (\$2,468) were included as part of the 2012 Business Plan.

31. The funding for the Tax Based Increment Grant (\$57,300) was included as part of the 2012 Business Plan. With respect to the future Tax Increment Grants, staff will include these commitments in the respective annual Business Plan (2013 - \$57,300, 2014 - \$42,975, 2015 - \$28,650, & 2016 - \$14,325).

**LINKAGE TO 2010-2014 COUNCIL STRATEGIC PLAN**

32. The recommendations included in this staff report support the following goals identified in the 2010-2014 City Council Strategic Plan:
- Create a Vibrant and Healthy City Centre
33. The project advances intensification objectives within the planned density ranges proposed in the Urban Growth Centre.
34. The project will result in jobs in the downtown at suitable densities, thus adding to a vibrant and healthy downtown.

Attachment: Appendix "A" – Photographs: Before and After

**APPENDIX "A"**  
**Photographs Before and After 81 Mulcaster Street**



**Before:** Looking North West from Berczy Street

Source: Google Maps Copied April 17, 2012



**Before:** Looking west from Berczy (Source: Google Maps Copied April 17, 2012)

Under Construction:

