

## **Municipality Of Chatham-Kent**

### **Community Development**

#### **Planning Services**

**To:** Mayor and Members of Council

**From:** Ryan Jacques, MCIP, RPP  
Director, Planning Services

**Date:** December 30, 2021

**Subject:** Chatham-Kent Community Improvement Plan  
Property Tax Increment Equivalent Grant Application  
PL202100287 – Orchard Heights Properties Inc.  
450 Merritt Avenue, Community of Chatham (City)

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#### **Recommendation**

It is recommended that:

1. The Mayor and Clerk be authorized to execute the Chatham-Kent Community Improvement Plan, Property Tax Increment Equivalent Grant Agreement, with Orchard Heights Properties Inc., owner of 450 Merritt Avenue, Community of Chatham (City), to provide an annual grant equivalent to 100% of the increase in municipal property taxes resulting from a new building for an Employment Use, for ten (10) years.

#### **Background**

On March 2, 2020, Council approved the Chatham-Kent Community Improvement Plan (CIP), which covers the entire Municipality of Chatham-Kent. The CKCIP is a “Plan to Support the Chatham-Kent Growth Strategy and 2018-2022 Council Term Priorities” in order to allow market driven investment for targeted needs throughout all of Chatham-Kent (i.e. rental/affordable housing, commercial and employment business growth). The CIP replaced the Downtown and Main Street Areas, Commercial, and Employment CIPs. The CIP brought forward or enhanced the most impactful and popular programs from the former CIPs and introduced new incentives focused on encouraging much needed rental housing and affordable housing in the Municipality.

The Property Tax Increment Equivalent Program provides economic incentive for the development, redevelopment, adaptive reuse or rehabilitation of properties in the CIP areas. Specifically, it provides an incentive to reduce the tax increase that can result

when a property is developed, redeveloped or rehabilitated. This may provide assistance in securing project financing and is anticipated to increase the assessment base in the Municipality.

This program is applicable to commercial uses, employment uses, mixed use commercial/residential buildings, major rental housing developments and affordable housing developments in:

- Primary Urban Centres identified in the Official Plan
- Secondary Urban Centres identified in the Official Plan
- Hamlets identified in the Official Plan
- Other Business Parks or Rural Industrial areas identified in the Official Plan

The incentives in place until March 31, 2022 include:

- Commercial
  - Min \$250,000 eligible cost – 5 years at 100%
- Mixed use residential/commercial
  - Min \$250,000 eligible costs – 5 years 100%
- Employment
  - Min \$250,000 eligible costs – 5 years 100%
  - Major \$5,000,000 eligible costs – 10 years 100%
- Rental Housing
  - Major Rental Housing Developments (50 units or greater) – 10 years 100%
  - Affordable Housing Developments (5 units or more and 25% affordable units) – 10 years 100%

### **Comments**

The subject lands are located at the southerly corner of the Richmond Street and Merritt Avenue intersection, in the Community of Chatham (City) (Roll No. 3650 420 022 20600). The subject lands are approximately 26.3 ha (65 ac.) in area and are comprised of vacant industrial lands, formerly occupied by Navistar. The lands subject to the current application are approximately 1.6 ha (4 ac.) in area with frontage on Merritt Avenue. The proposed development is for an Employment Use as defined in the CIP.

Orchard Heights Properties Inc. has applied for a Property Tax Increment Equivalent Grant for the development of a 5,574.18 sq. m (60,000 sq. ft.) warehouse building, as shown on the site plan attached as Appendix A. Council approved a Site Plan Control application at its December 6, 2021 meeting. The proposed development has a declared construction value of \$7,500,000.

This project is eligible under the CIP for a grant equal to the amount of new municipal property taxes levied because of new assessment growth related to the development. The owner is required to enter into an agreement with the municipality, which details the benefits and obligations of participating in this program.

Grant amounts are determined following completion of the project, reassessment by the Municipal Property Assessment Corporation (MPAC), and conclusion of appeals to the Assessment Review Board (ARB), if any.

The owner, subject to the Municipality's own discretion and satisfaction of conditions imposed, may assign grant payments to a subsequent owner, or retain the remaining grant payments after there has been a change in ownership, if applicable.

### **Areas of Strategic Focus and Critical Success Factors**

The recommendation in this report supports the following areas of strategic focus:

☐ Economic Prosperity:

Chatham-Kent is an innovative and thriving community with a diversified economy

☐ A Healthy and Safe Community:

Chatham-Kent is a healthy and safe community with sustainable population growth

☐ People and Culture:

Chatham-Kent is recognized as a culturally vibrant, dynamic, and creative community

☐ Environmental Sustainability:

Chatham-Kent is a community that is environmentally sustainable and promotes stewardship of our natural resources

The recommendation in this report supports the following critical success factors:

☐ Financial Sustainability:

The Corporation of the Municipality of Chatham-Kent is financially sustainable

☐ Open, Transparent and Effective Governance:

The Corporation of the Municipality of Chatham-Kent is open, transparent and effectively governed with efficient and bold, visionary leadership

☒ Has the potential to support all areas of strategic focus & critical success factors

☐ Neutral issues (does not support negatively or positively)

### **Consultation**

There was no consultation necessary for this report.

### **Financial Implications**

The Property Tax Increment Equivalent Grant results in the deferred recognition of the municipal share of assessment growth revenue for 10 years.

Prepared by:



Greg Houston  
Planner I, Planning Services

Reviewed by:



Ryan Jacques, MCIP, RPP  
Director, Planning Services

Reviewed by:



Bruce McAllister, MCIP, RPP  
General Manager,  
Community Development

Attachments: Appendix A – Site Plan

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Appendix A – Site Plan

