

Municipality Of Chatham-Kent

Community Development

Planning Services

To: Mayor and Members of Council

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

Date: October 5, 2022

Subject: Chatham-Kent Community Improvement Plan
Property Tax Increment Equivalent Grant Application
PL202000082 – Molon Labe Holdings Inc. & Peter Tsirimbis
199 King Street West, Community of Chatham (City)

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 Molon Labe Holdings Inc. and Peter Tsirimbis, owner of 199 King Street West, Community of Chatham (City), to provide an annual grant equivalent to 100% of the increase in municipal property taxes resulting from the redevelopment of the existing Mixed Use Commercial/Residential Building, for five (5) 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 September 30, 2023 include:

- Commercial
 - Min \$250,000 eligible cost – 5 years at 60%
- 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 on the north side of King Street West, between Third Street and Fourth Street, in the Community of Chatham (City) (Roll No. 3650 420 028 08000). The lands are approximately 137 sq. m (1,475 sq. ft.) in area and contain a mixed use commercial/residential building. The development is for a Mixed Use Commercial/Residential Building as defined in the CIP.

Molon Labe Holdings Inc. and Peter Tsirimbis have applied for a Property Tax Increment Equivalent Grant for the redevelopment of the existing building. The redevelopment project is complete and included two (2) new apartment dwelling units and a renovation of the commercial space within the existing building. The proposed development had a construction value of \$300,000. A site photo of the redeveloped building is attached as Appendix A.

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.

This report was not brought to Council prior to the project being completed as past experience with the CIP program has shown that conversion of assessed building area from the Commercial Tax classification to Residential Tax classification has resulted in a net property tax decrease. In this instance, there is a net property tax increase.

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 100% of the municipal share of assessment growth revenue for 5 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

Attachment: Appendix A – Site Photo

Appendix A – Site Photo



Looking North at the redeveloped mixed use commercial/residential building.