



# Municipality of Port Hope

## Staff Report

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### **Report Title:** Community Improvement Plan 2023 update

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**Report to:** Committee of the Whole

**Date of meeting:** November 12, 2024

**Report Author:**

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**Department responsible:**

Development Services

**Report Number:** DS-28-24

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### **Recommended Action:**

1. That Council approve, in principle, the Brownfield Tax Assistance Program request for 63 Ontario Street funding the Municipal portion of the property taxes for a development period of ten years; and
2. That Council direct staff to prepare a by-law in accordance with the Brownfield Tax Assistance program guidelines for 63 Ontario St; and
3. That a request be sent forward to both Northumberland County and Ontario Ministry of Finance seeking assessment relief for 63 Ontario Street for the period.

### **Highlights:**

- The Community Improvement Plan (CIP) program is funded annually at \$100,000 through the Development Services operating budget and transferred to the CIP reserve for future distribution.
  - The 2023 program supported four separate properties with project grants totalling \$45,386.
  - As part of the 2024 program 63 Ontario Street applied to the Brownfield Tax Assistance Program to assist with the costs associated with the required industrial environmental remediation at the property. This work is to support a change of use for the property.
  - Staff supports providing a grant through the Brownfield Tax Assistance Program for a period of ten years to recognize the significant costs associated with the project.
  - Further, that a request for relief be sent to both Northumberland County and the Ontario Ministry of Finance to ask for a waiver of applicable taxes.
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## **Background:**

The Planning Act and Municipal Act, 2001 provides the legislative basis for municipal community improvement planning. This legislation enables municipalities to initiate community improvement activities intended to achieve positive change to the existing physical landscape, through municipally driven or incentive-based programs.

The Port Hope Downtown Community Improvement Plan (CIP) was approved by Council in late 2018. The program was established by allocating a portion of the annual interest earned from the Urban Area LLRW Reserve and then transitioned to being funded by tax levy through the annual budget to establish financial sustainability.

The current Downtown CIP provides for eligibility in the following areas:

- Urban Design Study
- Façade Improvement
- Building and Property Improvement
- Upper Storey Conversion
- Tax Increment Grant
- Fees Grant Program
- Brownfield's Tax Assistance Program: a financial incentive in the form of a cancellation of Municipal Property Taxes for up to three years during and after the redevelopment of a Brownfields property. The Upper Tier level of government as well as the Province of Ontario may elect to participate in the delivery of this grant with the cancellation of the Upper Tier and education portions of the property tax.

Further details about the program are posted on the [Municipal website](#).

Any businesses or buildings located in the defined CIP boundary area as identified in **attachment 1** are eligible to access funding provided the proposed work supports the goals of the plan and meets the requirements of the program.

The 2023 funding year resulted in three successful applications totalling \$37,514 to support CIP activities, with an ongoing tax increment grant for a fourth property that brings the annual CIP project grants to \$45,386.

## **Discussion:**

The following table details the three projects that received funding through the CIP program in 2023. \*It also details an ongoing grant for the property known as 33 Mill Street who received funding under the Tax Increment Grant in 2021. This approval will fund 50% of the increase in property tax, from 2021-2031 as per Bylaw 23-2020.

The Director of Development Services approved the 2023 applications as each individual grant was below the \$15,000 delegated authority threshold.

Eligible Property	CIP Program	Amount awarded
66 Walton Street	Façade Improvement Grant	\$3,810
	Building and Property Improvement Grant	\$12,500
	Fees Grant	\$884
54A Walton Street	Façade Improvement Grant	\$12,831
	Fees Grant	\$700
45 Mill Street South	Façade Improvement Grant	\$1,390
	Building and Property Improvement Grant	\$5,399
33 Mill Street South	Tax Increment Grant*	\$7,876
<b>Total 2023 allocation</b>		<b>\$45,386</b>

\*Note: The Tax Increment Grant for 33 Mill Street is an annual grant in accordance with By-Law No.32/2020.

The current CIP remains open and accepting applications.

#### Brownfield Tax Assistance Program – 63 Ontario Street

63 Ontario Street with road frontage on Ontario Street, Thompson Drive and Mill Street North is located at a significant gateway to the Walton Street commercial core and just outside the John, Ontario and Queen Street Heritage Conservation District. In 2023 the property was sold, and the new owner began the change of use process from a vehicle / auto dealership and service shop to a mixed-use commercial development. As part of the change of use process, and as is common with properties subject to long term uses involving automobiles, industrial remediation was required to achieve a satisfactory Record of Site Condition (RSC). The RSC will support a wider range of uses available to properties in the COM3 – Downtown Commercial Zone.

To support the initial stages of redevelopment for 63 Ontario Street an application under the CIP - Brownfield Tax Assistance was submitted. The purpose of the program is to encourage environmental site assessment, remediation, and risk assessment /management needed to promote the rehabilitation, redevelopment, infill and intensification of brownfield sites.

63 Ontario Street met the following requirements to support their application:

- Phase II ESA provided demonstrating environmental remediation requirements to obtain a record of site condition.

- Proposal for development has been received that includes commercial uses on the main floor.
  - Consistent with the properties current zoning COM3 – Downtown Commercial.
  - Supports the potential for future development on the property that could include residential units.
- The submission of a satisfactory RSC is required before tax assistance can start.

It should be noted that tax assistance is not “portable” from one landowner to another, it cannot be reassigned, and it terminates upon severance, subdivision, sale or conveyance of land.

In a project of this nature the eligible costs can include activities such as a Phase II ESA, hazardous materials survey, remedial work plan and work, risk assessment/risk management plan and preparation of an RSC. In order to obtain an RSC, the project was initially estimated to cost the property owner \$350,000. Remediating contamination due to long standing automobile and industrial related uses can often significantly increase the costs of projects. In this instance the eligible costs for consideration when contemplating an appropriate CIP contribution were \$482,000 prior to the preparation of the RSC application.

While the Brownfield Tax Assistance Program does not provide a single amount of financial assistance, it does allow for the cancellation of municipal property taxes for up to 3 years or to a point where tax assistance provides for a significant contribution to the eligible expenses. If approved for 63 Ontario Street, this program would cancel the municipal portion of the property taxes but still require payment of the Northumberland County and Ontario education portions of the property taxes. Provided that Council supports this program, staff would seek consideration from Northumberland County for waiver of the upper tier portion of the taxes and apply to the Ministry of Finance (MOF) for education tax assistance.

The current total property taxes for 63 Ontario Street are \$9,681.99 with the municipal portion calculated to be \$4,568.29. The 3 years of tax relief without the assistance of Northumberland County or the MOF would be equal to at minimum \$13,704.87 based on 2024 tax rates. Of the eligible project costs, this relief would represent approximately 2.8%. Staff would support increasing the number of years of support from 3 to 10 years so that the overall Municipal tax relief has the potential to reach at least \$45,000 which would represent 9% of the total project cost prior to any relief granted by Northumberland or the MOF.

The program would be active for the tax years 2024 through 2033. During this time, the CIP would fund the municipal portion of the tax assessment which in 2024 is \$4,568.29. While this represents 4.5% of the current annual CIP funding, the project is significant both in scope and potential impact to the commercial core of the Municipality. The intent would be to grant tax assistance when the Municipality receives a copy of the RSC.

Staff are also supportive of appealing to both Northumberland County and the Minister of Finance for taxation relief for 63 Ontario Street for a similar relief period.

## **Financial Considerations:**

The annual Development Services budget includes a contribution of \$100,000 to the CIP program. The funds are transferred to the CIP reserve for future distribution. Currently there is \$328,000 remaining in the reserve before commitments. After all committed revenues and expenses are factored in, the CIP reserve balance is projected to be \$302,800. Not all approved projects are paid in the fiscal year they have been approved, grants are disbursed to property owners upon proof of payment and project completion.

The on-going tax increment grant approved for 33 Mill Street South will continue to be paid out annually for 2024 – 2031 and represents over the next seven years at least \$55,129 of future tax relief.

Support for the 63 Ontario Street application over 3 years would represent \$13,704.87 in relief based on 2024 property taxes, and, should Council support the staff recommendation of extending the relief program to 10 years, \$45,682.90. Like the Tax Increment Grant already committed, and currently at \$7,875.62 annually, a Brownfield Tax Assistance grant would commit \$4,568.29 from the program based on 2024 values. The actual annual and total amounts will be dependent on future year property taxes for the property.

## **Communication and Public Engagement:**

Since its implementation in 2018, the Municipality has promoted the CIP as a means for downtown revitalization and beautification through the following channels:

- digital marketing
- general advertising
- distributed printed materials door to door in the district
- via word of mouth.

The Municipality has also used signage to promote successful CIP projects. Information about the CIP and how to apply is available online as well as it is regularly promoted upon discussion and submission of planning applications.

## **Conclusion:**

The 2023 budget included \$100,000 funding for the Community Improvement Plan program. The Municipality received four applications for funding and provided \$45,386 to the eligible and approved projects.

The Economic Development department received an application for the Brownfield Tax Assistance program to support the environmental remediation project at 63 Ontario Street. The intended outcome of the project is to obtain a clean record of site condition that supports a change of use to permit a wider range of commercial uses on the property. Decisions related to this program are reserved for Council, the applicant and project are eligible for consideration.

## **Attachments:**

Attachment 1 – Port Hope CIP boundary area