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Date December 13, 2022 **Report No.** 2022-672

To Chair and Members
Committee of the Whole - Planning and Administration

From Nicole Wilmot, MCIP, RPP
Chief Planner and Director of Planning and Development Services
People, Legislated Services and Planning

1.0 Type of Report

Consent Item ☐
Item For Consideration ☒

2.0 Topic **Downtown Community Improvement Plan – Tax Increment-Based Grant Application for 32 Bridge Street [Financial Impact – estimated \$363,560]**

3.0 Recommendation

- A. THAT Report 2022-672 titled “Downtown Community Improvement Plan – Tax Increment-Based Grant Application for 32 Bridge Street”, BE RECEIVED; and
- B. THAT the Property Tax Increment-Based Grant Application for 32 Bridge Street based upon the incremental tax increase resulting from the redevelopment of the property, estimated at \$363,560 over a maximum of ten (10) years, BE APPROVED in accordance with the terms of the Downtown Community Improvement Plan.

4.0 Executive Summary

In 2021, Brantford City Council adopted a new Downtown Community Improvement Plan (CIP), which includes a Property Tax Increment-Based Grant program to support the development of residential units, including affordable housing, in Downtown Brantford.

Jaycee's Brantford Non-Profit Homes Corporation has applied for the Downtown Community Improvement Plan – Tax Increment-Based Grant to assist in the construction of a four storey mixed-use building, with 24 rental apartment units and ground-floor commercial and parking spaces on a vacant property at 32 Bridge Street. Nine of the 24 apartment units will be affordable units pursuant to the Brantford Municipal Housing Facilities By-law 162-2003, as amended. The estimated cost to construct this project is \$6,507,700.

The Downtown CIP Property Tax Increment-Based Grant is based upon the incremental increase in property taxes as a result of the redevelopment. The incremental increase in municipal property taxes will be based upon the post-development property value, which is prepared by the Municipal Property Assessment Corporation (MPAC). At the time of the Application, MPAC estimates that the post-redevelopment property value will increase to \$2,745,000 from the current assessed property value of \$234,000. Based on the projected increase in property value, it is estimated that this redevelopment project will increase the municipal portion of the annual property taxes by \$36,356 per year. Under the Tax Increment-Based Grant Tier 2 Program applicable to affordable housing projects, the Applicant is eligible to receive 100 percent of the increase in municipal taxes as an annual rebate for ten (10) years. Therefore the estimated total value of the grant is \$363,560 over a ten year period.

Staff is of the opinion that this Application helps to address the need to increase the supply of apartment units that are affordable in the City's downtown. In particular, five of the proposed units will receive Rent Supplement funding that will notably address the long wait list for rent geared to income housing, which is an important municipal priority. Overall, this Application is a transformative project that will replace a vacant site with new residential units within a mixed-use development that supports Downtown Brantford as a comprehensive neighbourhood. Therefore, Planning and Development Services Staff recommends approval of this Application for the Downtown CIP Property Tax Increment-Based Grant.

5.0 Purpose and Overview

The purpose of this Report is to seek approval for a grant application to the Downtown Community Improvement Plan – Tax Increment-Based Grant Program. The grant Application was submitted by Jaycees Brantford Non-Profit Homes Corporation to support the redevelopment of 32 Bridge Street (herein the “subject property”) for a four (4) storey mixed-use building that includes affordable housing units. The grant has an estimated maximum value of \$363,560 over 10 years.

6.0 Background

In 2021, Brantford City Council adopted a new Downtown Community Improvement Plan (CIP) (refer to [Report 2021-369](#)) to facilitate and encourage redevelopment and reinvestment in the Downtown by providing financial incentives for the development of residential units. The Downtown CIP applies to lands within the Downtown Brantford Urban Growth Centre (UGC), attached as **Appendix A** to this Report, which is delineated in the City of Brantford Official Plan – Envisioning Our City: 2051. The Downtown CIP enables the municipality to offer a Property Tax Increment-Based Grant program that will rebate a defined percentage of the municipal portion of the increase in property taxes resulting from a redevelopment project. Redevelopment projects eligible for the grant include new buildings or substantial additions to existing buildings for residential uses or mixed commercial and residential uses that will result in an increase in the assessed value of a property. The grant is issued as an annual tax rebate for a period of up to 10 years or when the eligible expenses have been repaid, whichever is sooner. The grant does not involve or refund any portion of the Downtown Business Improvement Area (BIA) levy or the Provincial Education taxes applied to the property.

The Property Tax Increment-Based Grant program is structured to provide grants through one of three streams according to the type of project. The three streams of the program are summarized in **Appendix B**. Accordingly, there are two grant streams that award an enhanced grant value if affordable housing units are included in the redevelopment. Affordable housing units must meet the definition of the of the City’s Municipal Housing Facilities By-law 162-2003, as amended, and rental units must be governed by a Municipal Housing Facilities Agreement with the City of Brantford to ensure the units continue to be maintained as affordable for a minimum of 20 years.

The City has received its first application to the Downtown CIP Property Tax Increment-Based Grant Program to facilitate the development of a four (4) storey mixed-use building at 32 Bridge Street. The property is located on the west side of Bridge Street, between Darling Street and Dalhousie Street, adjacent to the Brant County War Memorial Park, as shown on the location map in **Appendix C** and the aerial photo in **Appendix D**.

7.0 Corporate Policy Context

7.1 2021-2022 Council Priorities

The Downtown CIP Property Tax Increment-Based Grant Application for the development at 32 Bridge Street will support the following three desired outcomes outlined in City Council's priorities for 2021-2022.

1. All neighbourhoods in the City are safe, vibrant, attractive, and inclusive.
 - Priority C: Continue to invest in downtown revitalization and advance the Downtown Master Plan.

The subject Application will support the revitalization of Downtown through the construction of a new mixed-use building with residential and commercial units. New residents to the currently vacant property will bring vibrancy and will help to enhance safety and attractiveness of the Downtown.

2. Social service support is provided to Brantford residents in need.

The proposed development at 32 Bridge Street includes the creation of affordable housing units, including five units that will provide homes for those on the Brantford wait list for rent geared to income housing.

3. A stronger, more diversified tax base and a range of employment opportunities are created.

The proposed development at 32 Bridge Street will result in an increase in the assessed property value which will contribute to a stronger, more diversified tax base for the City.

8.0 Input From Other Sources

Planning and Development Services Staff consulted with Staff in the Housing and Homelessness Services and Finance departments in the review of the subject Application. Finance Department Staff provided the calculation of the estimated grant value. Pending Council approval of the Application, Planning and Development Services Staff will work with Legal Services Staff to prepare the Financial Incentive Program Agreement between the City and the Applicant.

9.0 Analysis

Staff reviewed the grant Application against the program eligibility criteria in the Downtown Community Improvement Plan. The subject property is within the Downtown Brantford Urban Growth Centre (refer to **Appendix A**) and is currently vacant. The Applicant's proposal is to construct a four storey mixed-use building which includes 24 rental apartment units, consisting of nine (9) bachelor units, nine (9) one-bedroom units, and six (6) two-bedroom units, as well as 287m² of commercial space on the ground floor. An illustration of what the building is proposed to look like is provided in **Appendix E**.

The development is subject to Site Plan Control (Application #SPC-10-2020). The Site Plan process is used to ensure that the development complies with the Zoning By-law, including regulations for parking, amenity space, building setbacks, and landscaping, and has been designed in accordance with the Urban Design Manual. Compliance with the Zoning By-law and Urban Design Manual is a requirement of the Downtown CIP. The Applicant has also applied for a minor variance to permit three fewer parking spaces than the required 15 spaces. The minor variance application will be considered by the Committee of Adjustment on December 7, 2022. The Committee's decision is not yet known at the time of writing this report. Approval of the minor variance application or alternatively approval of a cash-in-lieu of parking agreement is required before final Site Plan Control approval will be issued.

The Applicant has indicated that the nine bachelor units will be affordable units and has applied for funding from the Canada Mortgage and Housing Corporation (CMHC) to facilitate the development. Notably, for five (5) of the nine (9) bachelor units, the Applicant has also applied for Rent Supplement agreements with the City's Housing and Homelessness Services Department. The rent supplement agreements will ensure that these five units are directed to those on the Brantford Access to Housing wait list because the rent will be geared to income. The affordable units, and in particular the five rent

supplemented units, will help to address the 2014-2024 Brantford-Brant Housing Stability Plan's goal of increasing the supply of units offered by non-profits and/or other providers.

Given the proposed composition of affordable housing units, Staff confirms that the Application satisfies the eligibility criteria for the Affordable Housing Revitalization Project – Tier 2 stream of the program, which is the highest value funding stream. **Table 1** of this Report outlines the eligibility criteria for the Tier 2 funding stream alongside the number of units proposed to be built by the Applicant.

Table 1 Downtown CIP Affordable Housing Revitalization Project Tier 2 Eligibility Criteria and Applicant's Proposal

Affordable Housing Revitalization Project Tier 2 Minimum eligibility criteria:	Number of affordable housing units proposed by the Applicant:
<p>A minimum of 10% of affordable housing units (rental) which have an average rent charge for each unit size which is equal to or less than 80% of the most recently released CMHC average market rent (AMR) for the City of Brantford and County of Brant for that unit size, or 80% of an alternate AMR approved by the Ministry of Municipal Affairs and Housing;</p> <ul style="list-style-type: none"> • For this 24-unit project, a minimum of 3 units must meet this criteria. 	<p>4 units meet this criteria.</p>
<p>A minimum of 10% of affordable housing units (rental) which have a rent charge for each unit size which is equal to or less than 60% of the most recently released CMHC AMR for the City of Brantford and County of Brant for that unit size, or 60% of an alternate AMR approved by the Ministry of Municipal Affairs and Housing.</p> <ul style="list-style-type: none"> • For this 24-unit project, a minimum of 3 units must meet this criteria. 	<p>5 units will have Rent Supplement Agreements with City of Brantford Housing and Homelessness Services, which meet this criteria.</p>

The estimated total value of the grant over ten years is \$363,560. Once the development is finished, if there are changes to the unit composition and/or rents that affect the Application's ability to meet the Tier 2 eligibility criteria, the grant will be reduced to the applicable lower value funding stream in accordance with the terms of the Downtown CIP, as discussed in **Section 10** of this Report.

Staff is of the opinion that this Application helps to address the need to increase the supply of apartment units that are affordable in the City's Downtown. In particular, five of the proposed units notably address the long wait list for rent geared to income housing, which is an important municipal priority. Overall, this Application is a transformative project that will replace a vacant site with a mixed use development that supports Downtown Brantford as a comprehensive neighbourhood. The Application is consistent with the goals of the Downtown CIP and Staff recommends approval of the Application.

10.0 Financial Implications

Table 2 of this Report summarizes the calculations to determine the estimated incremental increase in property value for the Application at 32 Bridge Street. The municipal property taxes currently applied to the subject property are \$4,921 annually. This value reflects only the municipal portion of property taxes. Provincial Education taxes and the Downtown BIA levy would continue to be applied and are not eligible for a rebate as part of the Downtown CIP grant program. The finished project is estimated to increase the property value to \$2,745,000 (from the current assessed property value of \$234,000). Municipal Property Assessment Corporation (MPAC) prepared the estimate of the post-redevelopment property value based on the anticipated rent rates to be charged for the new bachelor, one-bedroom, and two-bedroom units. It is estimated that the municipal portion of the annual property taxes generated by the property will increase by \$36,356 per year (referred to as the "incremental increase" in municipal property taxes).

Table 2 Calculation of the Estimated Incremental Increase in Property Taxes for 32 Bridge Street

Current assessed property value of 32 Bridge Street	\$234,000
Estimated post-redevelopment assessed property value of 32 Bridge Street	\$2,745,000 [†]
Estimated annual property taxes after first year of redevelopment (municipal portion only)	\$41,277 (A)
Current/Pre-redevelopment annual property taxes	\$4,921(B)
Estimated Incremental Increase in Property Taxes (Line A minus Line B)	\$36,356

[†] MPAC property value reassessment for multi-unit residential is based on rental income.

As noted, the Applicant qualifies for the Tier 2 funding stream of the grant program, which allocates 100 percent of the incremental increase in taxes to be rebated each year to the Applicant for a period of ten years. **Table 3** of this Report outlines the estimated payment schedule for the Tier 2 grant for this Application, which results in an estimated total grant value of \$363,560. The grant's total maximum value is limited to the ten year period or whenever eligible expense are reimbursed, whichever is sooner. Therefore, in this case the Applicant will not be reimbursed their total eligible expenses.

Table 3 Affordable Housing Revitalization Project Tier 2 Payment Schedule for 32 Bridge Street

Total Eligible Expenses	\$6,507,700
Grant Structure for Tier 2 (100% rebate for 10 years)	Annual Estimated Grant Value
Year 1 (100%)	\$36,356
Year 2 (100%)	\$36,356
Year 3 (100%)	\$36,356
Year 4 (100%)	\$36,356
Year 5 (100%)	\$36,356
Year 6 (100%)	\$36,356
Year 7 (100%)	\$36,356
Year 8 (100%)	\$36,356
Year 9 (100%)	\$36,356
Year 10 (100%)	\$36,356
Total Estimated Grant Value	\$363,560

If Council approves this Application, Legal Services Staff will prepare the Financial Incentive Program Agreement between the Applicant and the City, which can be executed by the Director of Planning and Development Services through delegated authority. When the project is completed, the Applicant will be required to enter into the Municipal Housing Facilities Agreement with the City of Brantford to confirm the rent charges for the units. Sometime after project completion, MPAC will also complete its property value re-assessment. When

the new property value is known, Staff will update the applicable municipal taxes accordingly and determine the actual incremental increase in municipal property tax to determine the annual grant payment. Before any grant monies are issued, the Applicant will be responsible for presenting all invoices and proof of payment, which will be reviewed by Planning and Development Services Staff with the assistance of Finance Department Staff. The Applicant is required to continue to pay its property taxes in full each year and the grant comes in the form of an annual rebate after property taxes have been paid.

While at this time, the Applicant proposes rent charges that meet the criteria for the Affordable Housing Revitalization Project – Tier 2, the highest value funding stream, it is acknowledged that should the final rent charges not meet the Tier 2 criteria, the Financial Incentive Program Agreement will automatically apply the applicable funding stream, as outlined in **Appendix B** of this Report. In such an event, Staff is of the opinion that the overall goal of increasing housing supply within Downtown will still have been achieved and approval of one of the lower value grants is warranted. As previously noted, at the time of executing the Municipal Housing Facilities Agreement, Staff will confirm the applicable funding stream based upon the final rental rates charged, and the Financial Incentive Program Agreement will automatically reflect any changes.

11.0 Climate and Environmental Implications

There are no negative climate or environmental implications arising from this Report. Approval of the subject Application will support infill development and the intensification of the Downtown that results in the efficient use of land and infrastructure and a sustainable compact urban form.

12.0 Conclusion

Jaycees Brantford Non-Profit Homes Corporation has applied for a Downtown Community Improvement Plan – Property Tax Increment-Based Grant to assist in the construction of a four storey mixed-use building, which includes affordable housing units. The proposal is eligible for the Downtown CIP's highest value funding stream, the Affordable Housing Revitalization Project Tier 2 funding, which will provide an estimated total grant for \$363,560 over the course of ten years. The grant is funded by the incremental increase in municipal property taxes resulting from the higher property value generated by the redevelopment of this currently vacant land. When completed, this redevelopment will contribute to increasing the supply of affordable housing in Downtown Brantford. Staff recommend this Application for financial assistance be approved.



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Attachments:

Appendix A – Downtown Community Improvement Plan Project Area / Downtown
Brantford Urban Growth Centre

Appendix B – Three Funding Streams of the Downtown CIP Property Tax Increment-
Based Grant

Appendix C – Location Map

Appendix D – Aerial Photo

Appendix E – Proposed Building Elevation of 32 Bridge Street

In adopting this report, is a by-law or agreement required? If so, it should be referenced in the
recommendation section.

By-law required ☐ yes ☒ no

Agreement(s) or other documents to be signed by Mayor and/or City Clerk ☐ yes ☒ no

Is the necessary by-law or agreement being sent concurrently to Council? ☐ yes ☒ no

Appendix A – The Downtown Community Improvement Project Area, also known as the Downtown Brantford Urban Growth Centre (UGC)



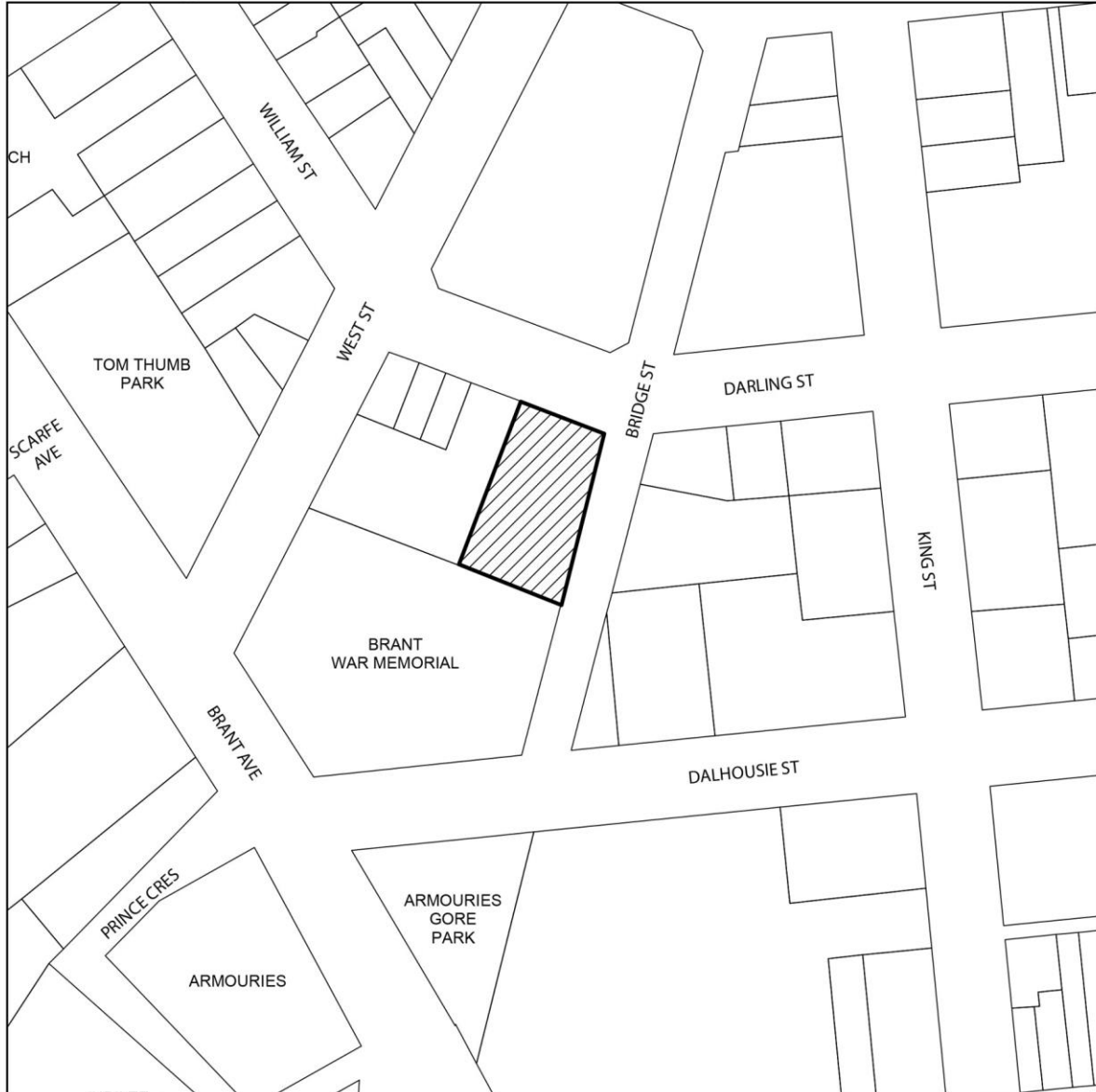
Appendix B – Three Funding Streams of the Property Tax Increment-Based Grant Program

Grant Stream	Revitalization Projects	Affordable Housing Revitalization Projects – Tier 1	Affordable Housing Revitalization Projects – Tier 2
Description	A redevelopment that results in an increase in the assessed value of a subject property and that includes the creation of residential units (rental or ownership).	A Revitalization Project that includes a minimum of 20% of affordable housing units (rental), which have a rent charge equal to or less than 80% of the Canada Mortgage and Housing (CMHC) average market rent (AMR) for the City of Brantford and County of Brant or 80% of an alternate AMR approved by the Ministry of Municipal Affairs and Housing.	A Revitalization Project that includes: <ul style="list-style-type: none"> • A minimum of 10% of affordable housing units (rental) which have a rent charge which is equal to or less than 80% of the CMHC AMR or 80% of an alternate AMR; and • A minimum of 10% of affordable housing units (rental) which have a rent charge which is equal to or less than 60% of the CMHC AMR or 60% of an alternate AMR.
Maximum Grant Value	The grant is equivalent to up to 80% of the increase in municipal property taxes in years 1 to 5 post-redevelopment, 60% in years 6 and 7, 40% in year 8, and 20% in years 9 and 10.	The grant is equivalent to up to 90% of the increase in municipal property taxes in years 1 to 5 post-redevelopment, 70% in years 6 and 7, 50% in year 8, and 30% in years 9 and 10.	The grant is equivalent to up to 100% of the increase in municipal property taxes in years 1 to 10 post-redevelopment.


Appendix C – Location Map

Location Map

32 Bridge Street



LEGEND

 SUBJECT LANDS
(32 Bridge Street)



0 25 50 100
Metres


Appendix D – Aerial Photo

Aerial Image

32 Bridge Street



LEGEND

 SUBJECT LANDS
(32 Bridge Street)

Aerial image from Spring 2021



0 10 20 40
Metres

Appendix E – Proposed Building Elevation

