



## Tax Increment Equivalent Grant

### Purpose

A percentage rebate on the annual municipal property taxes (municipal portion only) resulting from the increases assessment value generated by property development / redevelopment, which offsets the increase in municipal property tax resulting from property improvements. The Grant is intended to encourage desirable and attractive infill development and redevelopment in the City, and is not intended for greenfield development.

### Eligible Costs

- 1** Development, redevelopment, or adaptive reuse of a property or building for commercial, office, industrial, residential (with a minimum of 4 new dwelling units created), or mixed uses;
- 2** Major additions, renovations, or improvements to a existing commercial, office, industrial, residential, or mixed use property or building, involving an increase of at least 25% of the existing gross floor area or a minimum of 4 new dwelling units created;
- 3** Conversion of upper-storey space in a mixed use or commercial building to a minimum of two (2) new residential units, or major renovations or improvements to upper storey residential space;
- 4** Streetscaping or landscaping improvements, in combination with any of the above;
- 5** Professional services by an engineer, architect, or professional planner; or
- 6** Any combination of the above.

### Program Details

- 1** The Tax Increment Equivalent Grant is offered to eligible property owners only where the property assessment increases as a result of development, redevelopment, or major improvements, and there is a subsequent increase in municipal property taxes. For the purpose of calculating this grant, municipal property taxes include the municipal portion of the taxes only, and do not include education or any other special charges.
- 2** Large scale or major projects are defined as those community improvement projects which involve improvement of at least 25% of the existing gross floor area, or are considered to be a new development. Projects which result in an increase in the assessed value of the property by at least 10% will also be considered eligible.
- 3** Grants will be equal to 100% to 20% of the increase in annual municipal property taxes resulting from property improvements, paid to the owner each year for a maximum of five (5) years (declining by 20% each year), or as otherwise determined at the discretion



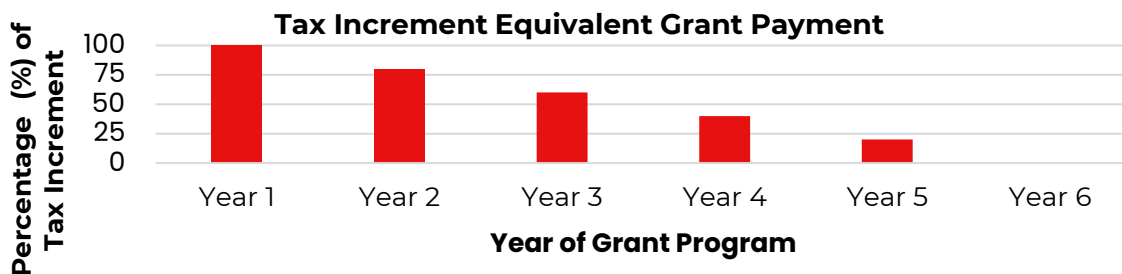
of Council and outlined in the Agreement. The total amount of all grant payments over the duration of the Tax Increment Equivalent Grant shall not exceed 50% of the total eligible costs of the improvements.

- 4 The eligible development / property improvement works must be completed within three (3) years of application approval, or as stipulated in the Agreement with the City.
- 5 Grants shall be provided upon successful completion of the work, as approved by Council, and payment in full of the property taxes including the taxes for the incremental assessment increase. The amount of the grant in the first year cannot be calculated until the incremental assessment has been determined by the Municipal Property Assessment Corporation (MPAC) and provided to the Municipality, which may take up to two (2) years. Grants for subsequent years shall be paid annually to property owners within three (3) months of payment of the full property tax.
- 6 The Tax Increment Equivalent Grant will not be paid and will not accumulate for any year when taxes remain unpaid by the due date. Any failure to pay taxes in any year shall disqualify the owner for further grant payments.

#### Example Scenario

A hypothetical property pays \$10,000 in annual municipal property taxes this year. If the property is redeveloped and a reassessment results in municipal property taxes of \$15,000 annually, the tax 'increment' is \$5,000 (i.e., \$10,000 + \$5,000 = \$15,000).

Council has approved a Tax Increment Equivalent Grant for the property, with a duration of 5 years. In the first year after re-assessment, the applicant would be eligible for a grant of \$5,000, representing 100% of the tax increment. In the second year after re-assessment, the applicant would be eligible for a grant of \$4,000, representing a decrease of 20% from the previous year. The grant amount would continue to decrease by 20% each year in years 3, 4, and 5. The grant expires after five (5) years, based on the grant duration determined by Council. This example assumes that all eligibility criteria are met.





### Eligibility Criteria

- 1** All General Eligibility Requirements outlined in **Section** Error! Reference source not found. shall apply.
- 2** Applications shall be in accordance with the application submission requirements under **Section** Error! Reference source not found..
- 3** The Tax Increment Equivalent Grant cannot be combined with any other Financial Incentive Program under this CIP.
- 4** To be eligible for the Tax Increment Equivalent Grant, the property improvements undertaken must result in an increase in the assessed value of the property by at least 10%, or the improvement must result in an increase of at least 25% of the existing gross floor area or a minimum of 4 new dwelling units created, or are considered to be a new development.
- 5** In order to determine the suitability of the Tax Increment Equivalent Grant, prior to submitting an application for the program, eligible applicants may be required to estimate the total potential value of the tax increment and the anticipated post-project property value assessment from MPAC, based on current assessment values and anticipated investment.
- 6** If the total value of the Tax Increment Equivalent Grant is significantly less than the applicant's estimated value, at the sole discretion of the City, the applicant may be given the opportunity to withdraw their application for the Tax Increment Equivalent Grant program, and submit an application for one or more of the other Financial Incentive Programs in this Plan as may be applicable to the project.
- 7** Should an eligible applicant be approved for the Tax Increment Equivalent Grant, and if the subject property is sold, in whole or in part, before the original grant period lapses, the original owner may not be entitled to receive the remaining grant payments, in accordance with the terms of the program agreement. The payments are also non-transferrable to the new owner, unless specifically stipulated as part of the Agreement executed between the owner and the City.
- 8** The property owner is responsible for the entire cost of the development or redevelopment project.