



STAFF REPORT

Meeting Date: February 14, 2022

Title: 276 Duke Street CIP Application

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Department: Economic Development Manager

Report Number: Economic Development-2022-001

Recommendation:

That Council gives direction to staff on the level of support they wish to provide for CIP Application CIP01-22: 276 Duke Street.

Background:

In the Fall of 2021, the applicant was successful in the Zoning Amendment application to the City of Dryden, enabling them to begin the process of constructing four (4), three-story, 12-unit apartment buildings.

Specifics regarding the build state that three of the buildings will be comprised of standard 3-bedroom suites. The final building will be fully accessible and consist of barrier free two-bedroom suites. There will be ample and convenient parking in front of the buildings and the property will be beautifully landscaped with flora native to the region. The development will also include the installation of a wood fence along the two sides and rear of the property, providing privacy and security to the tenants.

After the zoning amendment process was approved, the applicant contacted the Community Development department to discuss opportunities for grants and incentives that the City of Dryden may be able to provide towards generating this type of housing.

Discussion:

The applicant has applied for the following incentive programs:

- 1) Tax Increment Equivalent Grant
- 2) Building, Planning, Demolition and Landfill Fee Grant
 - a. This application is regarding a grant to waive up to 100% of the cost of a building permit.

Regarding the Tax Increment Equivalent Grant, in January of 2020, the City of Dryden established a new tax class category for multi-residential buildings that are newly constructed. The new multi-residential tax class was established by a Provincial Regulation passed on July 5, 2017, and applies to all new multi-residential properties in the Province of Ontario constructed after that date. The tax ratio for the new multi-residential property tax class is to be within the range of 1 to 1.1 times the residential tax rate. The tax class applies for thirty-five (35) years. Dryden's new tax class has been implemented at a ratio of 1.1 times the residential tax rate. For 2021, the rates for multi-residential class buildings were as follows:

Existing Multi-residential: 3.039140 percent

New Multi-residential: 1.700534 percent

Furthermore, MPAC uses the income approach to assess multi-residential buildings in Dryden. MPAC uses local average rent and expense values to calculate their assessments (versus using property specific values). Based on the current local average values, we estimate that a development such as the proposed would generate property taxes of ~\$30,514 annually once fully occupied and complete.

Regarding the application to the Building, Planning, Demolition and Landfill Fee Grant, an initial assessment of the building permit value has been estimated by the City of Dryden's Chief Building Official at ~\$35,000 and the Site Plan Application Fee is \$1,150.

Financial Implications:

Current Property Benefits:

New Multi-residential tax class (35-year term) = ~\$840,711 (min. value)
(Existing MR Rate (approx.) – New MR Rate (approx.)) x 35 Years
 $\$54,535.20 - \$30,514.87 = \$24,020.33 \times 35 = \sim \$840,711$

CIP Grant (Council to Determine Level of Additional Support):

- a) Building, Planning, Demolition and Landfill Fee Grant = ~ \$36,150
(~\$35,000 + \$1,150) = ~\$36,150
- b) Incremental Tax Grant Value = ~ \$89,875
 - a. Based on a 5-Year, equally declining scale from 100% in Year 1 to 20% in Year 5
- c) Both a) and b) = ~ \$126,025
- d) A portion of a)
- e) A portion of b)
- f) A portion of a) and b)
- g) No additional incentive / Other

Current Budget Allocation:

Account #:

Attachments (Reference Material):

CIP Application: CIP01-22